



ANNUAL REPORT

2014/15

BITOU LOCAL MUNICIPALITY



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COMPONENT A: MAYOR'S FOREWORD



It is an incredible privilege and honour to table this final draft Annual Report to Council for adoption in the knowledge that we, the Bitou municipality, have again retained a clean audit for the year under review. Just in passing; as a quick reminder again: A clean audit means the financial statements are free from material misstatements and means we are compliant in all respects in terms of the Budget & Reporting regulations of National Treasury.

Any detractor, pessimist or the opposition to the governing coalition may have dismissed our first clean audit for the financial year (2013/2014) as chance or a fluke, but retaining a clean audit for the second year (2014/2015), means that we are indeed very serious about good governance and it also attest that the systems we've put in place are really starting to pay off handsomely.

For me, as the Executive Mayor, the immediate challenge to a clean audit is that we should secure the same outcome (clean audit) for the next financial year and every successive year as well. In fact, any governing party worth its salt or rather elections manifesto, should for the whole of its term of office; strive to attain this national imperative, if it is serious about good governance. A greater challenge however is how to translate a clean audit outcome into service delivery excellence and that is a challenge I want to pose to the Municipal Manager and the administration.

As the political office; we are therefore greatly indebted to the Municipal Manager, the CFO, all HOD's and all the relevant officials across the municipal administration, who have translated our political ideals and aspirations into reality, through their hard work and dedication. To the officialdom therefore; we salute you and express a warm word of thanks and appreciation for all your efforts.

I also acknowledge the role of Council in providing the political framework for this achievement; the Internal Audit section for making sure in their everyday activities that the municipality keeps on track with the compliance to all legal prescripts and the Audit/Performance Audit Committee for their role in contributing to the attainment of this national imperative.

The Annual Report concludes the planning cycle for every municipality and provides a rearview in terms of whether we have been able to achieve our strategic objectives articulated in the IDP (Integrated Development Plan); whether we have been able to expend the funding provided in the budget and whether we have been able to maintain on course with ensuring that the predetermined objectives as captured in the SDBIP (Service Delivery Budget Implementation Plan), have been delivered on.

Given the audit outcome we've achieved; I dare say that we have indeed delivered on our commitments in the IDP (Integrated Development Plan) and doing so in the context of a great many challenges; including resource constraints, high levels of unemployment and resulting inability of residents to pay for services and a growing

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

indigent register; greater demands for access to basic services as more people from other provinces makes Bitou their home; I'd say in all humility, that we've performed admirably.

I therefore move that Council adopts this draft Annual Report and that Council appoints, an Oversight Committee to review this report, in terms of the applicable prescripts.



MEMORY BOOYSEN

EXECUTIVE MAYOR

Draft

MUNICIPAL MANAGER'S OVERVIEW

1.1 MUNICIPAL MANAGER'S OVERVIEW



“Disciplina, fide, perseverantia” – a Latin proverb when directly translated – “By discipline, fidelity and perseverance”. This proverb could have easily been added to our motto: **TO BE THE BEST TOGETHER.**

I am, as the Municipal Manager of Bitou Municipality, privileged to categorically state that we have achieved the successes during the 2014/2015 financial year by discipline, fidelity and perseverance to be the best together.

We had to deal with enormous challenges during the previous financial year, as a result of an uninvited inheritance, which we succeeded to conquer. The challenge during the 2014/2015 financial year had escalated not only to maintain the high standards set during the 2013/2014 financial year, but also to intensify our efforts to achieve excellence in every sphere of service delivery.

We had achieved success in almost every discipline of the Municipality of which the Annual Report is not only a testimony of these achievements, but also illustrates the processes and results. We are however also prepared to document the challenges that we have to overcome and thereby expose ourselves to critical judgment when the 2015/2016 Annual Report will be published.

There had been many achievements during 2014/2015 and I am honored to place some on record.

HIGHLIGHTS

Report of the Auditor General: 2014/2015 Financial Year

We have managed to obtain an unqualified result with no findings affecting the Auditor General's Report for the second successive year. This unique result is generally known as a **“Clean Audit Report”** which once again distinguish Bitou Municipality from the majority of the municipalities in South Africa. There are but a few local authorities that can literally boast with this type of achievement and proves that Bitou's finances are impeccable. It also compliments the accounting and compliance abilities of the Municipality.



My sincere thanks and appreciation to the Honorable Executive Mayor, Councillors and personnel for their dedication and effort in achieving this exceptional goal.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Basic Service Delivery Performance Highlights

- **Water services**

Technical water losses had been limited to 4.90% Blue Drop status had been achieved for all three water supply systems

- **Waste water (Sanitation)**

The Municipality received the Ganse Vallei Waste Water Winner of Wilson Award

- **Electricity**

A total of 99% of the electricity budget had been spent

Electricity losses had been reduced from 17.90% during 2013/2014 to 11.51% during 2014/2015

Achieved 333 new electrical connections at low cost houses from Department of Electricity funding

Installed two new 315 KVA mini-substations in Natures Valley as well as a ring main switch

Installed an overhead line in the Keurbooms area including street lights, main supply switchgear and miniature substation.

- **Waste Management**

Progress made with the completion of the transfer station

Provision of recycling igloos on major roads



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- **Housing**

The Municipality had received two Govan Mbeki Awards during 2014/2015

A total of 153 erven in Qolweni had been serviced;

A total of 102 top structures have been completed in Qolweni;

A total of 127 top structures have been completed in Kwanokuthula



- **Roads and Storm water**

A total of 94.56% of the roads and storm water capital budget had been spent

The “Pavement Management system” was upgraded during 2014/2015



Financial Health Overview

- **Improved Current Ratios**

Current ratios (current assets/current liabilities have improved from 1.48 to 1.72

- **Liquidity Ratio**

The liquidity ratio (Cash and cash equivalents/Trade creditors and short term borrowings)) has improved from .61 to 1.12

- **Debtors Collection Rates**

Debtor payments of 98% had been achieved

- **Improvement in Cash and Cash Equivalents**

Cash and cash equivalents at year end improved from 49 177 000 at 30/06/2014 to 98 628 000 at 30/06/2015

Organizational Development

- **Organizational Structures**

Organizational Structures had been reviewed to address some shortages and gaps that existed. The Budget and Treasury office structure had been reviewed to bring it in line with SCOA requirements and regulations for 2017

- **Job Descriptions**

Finalization of Job Descriptions resulting in recruiting professionally skilled managers and staff

- **Training**

Training of Senior Management, SCM officials and other managers in minimum competency regulations

Training of Councilors in SCM processes

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- **Legal Cases**

Reducing the total number of legal cases through proactive steps and in doing so reducing the money spend on such matters

Good Governance and Public Participation

- **Public Participation**

Determining a roster for ward committee meetings with councilors for the financial year and organizing the meeting on that basis

Organizing two ward committee summits for the financial year

- **Public Participation: Budget and IDP**

The reviewed IDP and Budget for 2014/2015 was approved by Council on 27 May 2014. The Municipality had implemented various methods and mechanisms to ensure the interest and participation of the general public in finalizing these important processes

Rolling out the IDP and Budget consultation meetings in all seven wards and in some cases more than once and meeting also with interested groups outside our formal meetings

The above mentioned are some of the achievements of the Municipality for the 2014/2015 financial year.



CHALLENGES

Basic Service Delivery Performance Challenges

- **Water Services**

Replacement of the old reticulation type AC pipes with UPVC pipes;

Funding for training to achieve NQF 2 – NQF 4 levels;

- **Waste Water Sanitation**

Training of Process Control Officers

- **Electricity**

Replacement of ageing infrastructure

Recruitment of qualified personnel

Procurement of street lightning maintenance equipment



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• **Waste Management**

To minimize the illegal dumping of waste

To improve on litter picking in less fortunate areas

No collection service for electronic waste

To address limited participation with recycling processes

• **Housing**

The continues demand for housing due to the influx from all over the country

To align the Provincial financial year with the financial year of the Municipality

• **Storm water Drainage**

Limited funding to complete Master Plan

Lack of storm water systems in certain communities due to limited housing funds provided

Financial Health Challenges

- Proper accounting, advance excel and reconciliation training for personnel
- Maintain and endeavor to improve the healthy liquidity position

Organizational Development Challenges

- The appointment of properly qualified professional staff remains a challenge in the Technical Department. This can however be overcome by awarding bursaries to students from this area to study in the field where the shortages exist.
- The training of more staff remains a challenge due to the shortage of funds and the cost to have training done in Plettenberg Bay

Good Governance and Public Participation

Public Participation

- The criteria for the selection of the ward committee members and the sector based approach must be looked at. A better model is needed to enhance active and efficient participation.
- Innovative ways must be developed to get broader community involvement in the affairs of the Municipality

Public Participation: Budget and IDP

- Ensure public interest and participation in a year where the main focus of the public will be on the Municipal elections



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Service Delivery Performance

- Cascade and effectively apply Performance Management Systems to managerial levels
- Develop system descriptions / standing operating procedures for all managerial Key Performance Indicators

The services rendered by Bitou Municipality, have been complimented by the excellent services rendered by the various external sector Departments, whether National or Provincial.

Our sincere thanks and appreciation to the Western Cape Government in rendering above standard health services, assistance with the libraries, traffic and roads.

The excellent services rendered by the National Departments, with specific reference to the prevention of crime, welfare and justice have to be acknowledged with appreciation.

We firmly believe that we will maintain the quality of services rendered during 2014/2015 and are adequately equipped to conquer the challenges that 2015/2016 may present.



ALLEN PAULSE

MUNICIPAL MANAGER

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL OVERVIEW

Bitou Municipality is situated in the Western Cape Province within the jurisdictional area of Eden District Municipality. The municipal area, in extent **991.84 km²**, is situated in the South Eastern corner of the province and the Bloukrans River is the boundary between the Western and Eastern Cape Provinces. The following map indicates the extent of the Bitou Municipality's area of jurisdiction:

Below is a map of the Western Cape that indicates the location of the Bitou Municipality in the Eden District area:

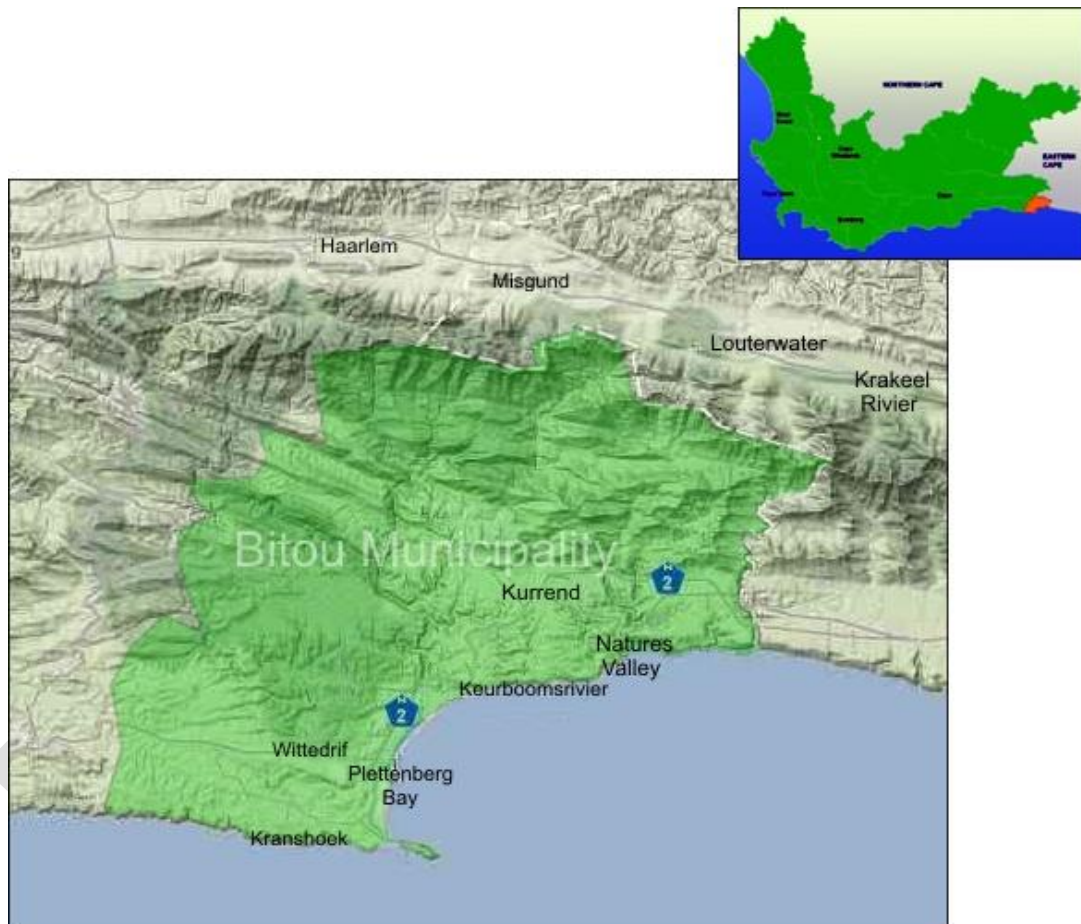


Figure 1.: Bitou Area map

1.2.1 VISION AND MISSION

The Bitou Municipality committed itself to the vision and mission of:

Development Vision:

“To be the best together”

“Om saam die beste te wees”

“SobalaselaSonke”

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Spatial Vision:

“Bitou, a place for all”

Mission:

The political office bearers and staff of the Bitou Local Municipality commit to:

- Effecting participative and accountable development local government and governance
- Fostering effective intergovernmental relations
- Facilitating sustainable people-centred development and ensuring environmental integrity
- Proactively identifying and securing suitable land for settlement
- Providing effective basic services
- Facilitating local economic development with a particular focus on reducing poverty, creating Jobs and developing the tourism and eco-tourism sectors
- Facilitating social upliftment and community integration
- Adhering to the Batho Pele principles for its community

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.3.1 POPULATION

The municipality is estimated to account for 8.75 % or 49 162 of the Eden District's population of 561 322.

A) TOTAL POPULATION

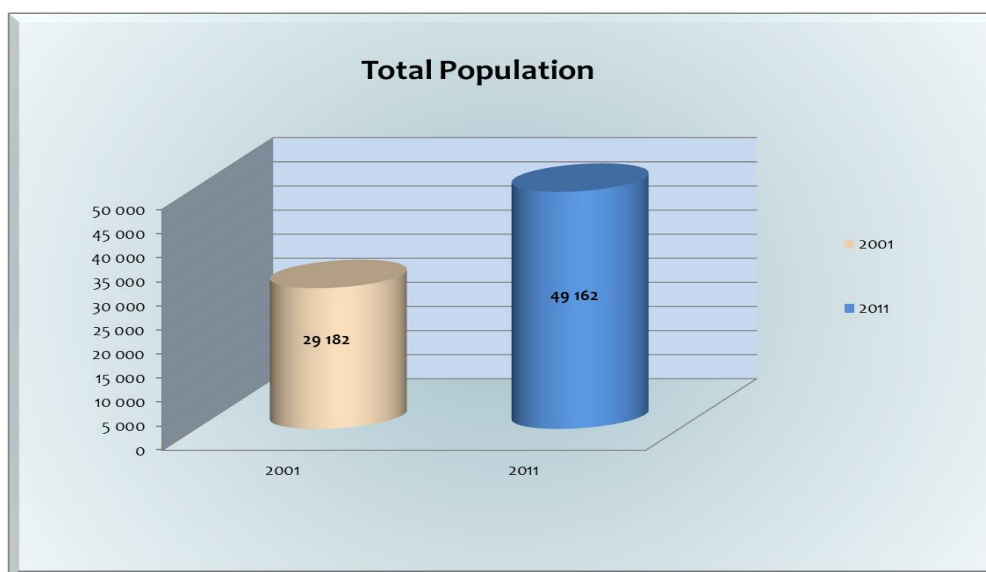
The table below indicates the total population within the municipal area:

Population	2001	2011
	29 182	49 162
Source: Stats SA Census, 2011		

Table 1.: Demographic information of the municipal area – Total population

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The graph below illustrates that the total population has grown with 68% from 2001 to 2011.



Graph 1.: Total Population

B) POPULATION PROFILE

Population - Age	2001			2011		
	Male	Female	Total	Male	Female	Total
0 - 4	1 282	1 299	2 581	2 394	2 247	4 641
5 - 9	1 280	1 283	2 563	1 937	2 105	4 042
10 - 14	1 155	1 298	2 454	1 806	1 897	3 703
15 - 19	1 279	1 278	2 557	1 876	1 806	3 682
20 - 24	1 303	1 403	2 706	2 088	2 136	4 224
25 - 29	1 559	1 581	3 140	2 489	2 485	4 974
30 - 34	1 423	1 402	2 825	2 394	2 207	4 601
35 - 39	1 225	1 189	2 414	2 188	2 053	4 241
40 - 44	931	927	1 858	1 748	1 762	3 511
45 - 49	676	739	1 416	1 458	1 447	2 905
50 - 54	551	580	1 132	1 135	1 188	2 323
55 - 59	421	521	942	850	914	1 763
60 - 64	465	447	913	678	745	1 423
65 - 69	330	333	663	516	678	1 195
70 - 74	212	241	453	458	424	882
75 - 79	158	155	313	244	282	527
80 - 84	69	85	154	110	175	285
85+	22	76	98	98	141	240
Total	14 343	14 839	29 182	24 468	24 694	49 162

Stats SA: Census 2011

Table 2.: Population profile

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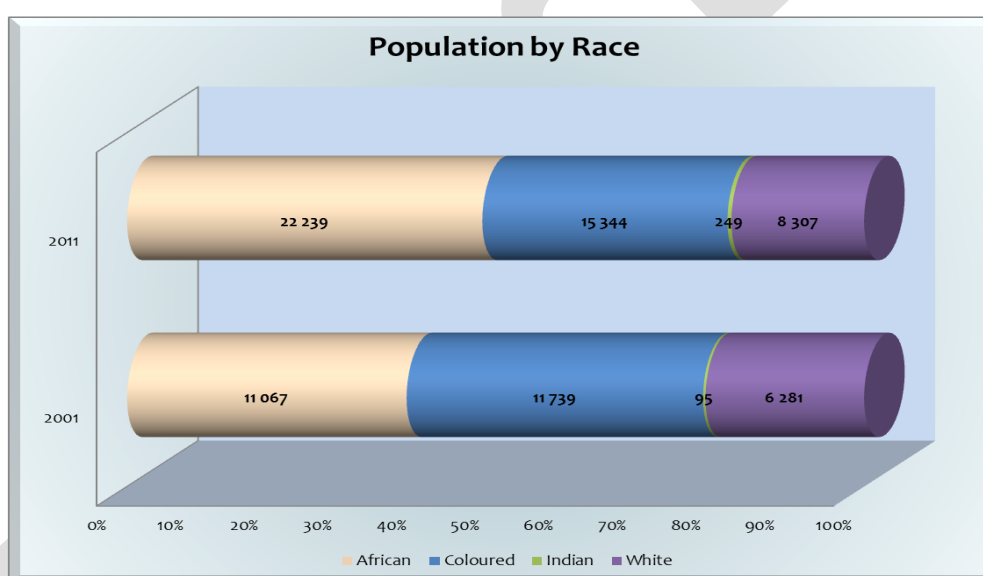
C) POPULATION BY RACE CATEGORIES

Population - Racial	2001			2011		
	Male	Female	Total	Female	Male	Total
African	5 638	5 429	11 067	11 338	10 901	22 239
Coloured	5 659	6 080	11 739	7 478	7 866	15 344
Indian	45	50	95	116	133	249
White	3 001	3 280	6 281	3 960	4 347	8 307

Stats SA: Census 2011

Table 3.: Demographic information of the municipal area – Race categories

The graph below illustrates the population- racial relation for the municipal area.



Graph 2.: Population - Race

1.3.2 HOUSEHOLDS

The total number of households within the municipal area increased from **17 620** households in the 2013/14 financial year to a total of **21 251** households in the 2014/15 financial year. This indicates an increase of 20.61% households within the municipal area.

Households	2013/14	2014/15
Number of households in municipal area	17 620	21 251
Number of indigent households in municipal area	3 194	6 253

Table 4.: Total number of households

The table also shows that the total number of indigent households increased from 3 194 households in 2013/14 to 6 253 households in the 2014/15 financial year. This indicates an increase of 95% indigent households within the municipal area.

1.3.3 DEMOGRAPHIC INFORMATION

MUNICIPAL GEOGRAPHICAL INFORMATION

Complex past, rich present

Leaving their mark on the region have been an intriguing mix of Middle Stone Age man, indigenous Khoi people, ostrich feather barons, woodcutters, farmers, gold-diggers, merchants, sailors, craftsmen, ordinary folk and even intrepid explorers such as Portugal's Bartholomew Diaz who landed at Mossel Bay in 1488, as well as a modern-day diverse mix of tycoons and artists.

Stone Age

Plettenberg Bay's Nelsons Bay and Matjes River Caves were inhabited by Middle Stone Age man for more than 100 000 years, with the Khoisans leaving a legacy of tools and ornaments. Deposits of their tools, ornaments and food debris can be viewed in these caves, which are still being excavated. One can also observe the geological changes over millions of years which affected prehistoric life. Stilbaai, at the coast, boasts shell middens which date back 3 000 years, not to mention an abundance of fish traps. The presence of Blombos Cave, where it is believed that man first thought abstractly, is a further feather in the Garden Route and Klein Karoo's history books.

Explorers

Long before Van Riebeeck landed at the Cape, Portuguese explorers of the 15th and 16th centuries called in and charted the bay, the first being Bartholomew Dias in 1487. Ninety years later Manuel da Perestrello aptly called it Bahia Formosa or the Bay Beautiful. The first white inhabitants were the 100 men stranded here for nine months when the San Gonzales sank in 1630. In 1763 the first white settlers in the Bay were stock farmers, hunters and frontiersmen from the Western Cape.

Griqua beginnings

Infamous historical figures include the leader of the Griquas, Andrew Abraham Stockenström le Fleur, who by his people, was looked upon as a new Messiah. The name of Le Fleur is intimately associated with the history of the Griqua people in this area and his grave can be seen in the village of Kranshoek on the Robberg/Airport Road.

The village of Harkerville was named for Robert Charles Harker, who, as a Government resident, controlled the affairs of Plettenberg Bay for 21 years. The family graves are one of the highlights on the Plettenberg Bay town day walk.

Plettenberg Bay itself is an intriguing mix of cultures. A woodcutter's post was established in 1787 and Johann Jacob Jerling, an early inhabitant, was commissioned by the Dutch East India Co. to build a storehouse for house timber which was to be exported.

The Swede, Carl Peter Thunberg, was the first to document valuable observations on the bay and Robberg and the Governor of the Cape, Baron Joachim van Plettenberg, renamed the town Plettenberg Bay in 1779. In 1910 a Captain Sinclair set up the whaling station on Beacon Island to harvest the placid Southern Right whales but this ceased operation in 1916. The first hotel was erected by Hugh Owen Grant in 1940 and replaced in 1972 by the current well known landmark on Beacon Island.

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Today this modern town is comparable with Monaco, an exquisite emerald on shores of the azure-blue Indian Ocean; it basks between enchanting old villages. With over 300 days of sunshine a year and temperate climate, it celebrates with passion culture, spectacular nature offers, delicious cuisine, restoration of mind and body, high-adrenaline activities and land and water sports.

History's roads

But let's continue our journey in the 1800's when the growing timber trade led to Thomas Bain building Prince Alfred Pass (1868) and the 90km forest road through the Tsitsikamma to Humansdorp. Three major passes had to be constructed: Groot Rivier, Blauwkrantz and Storms River. The Great Fire of the 1868 claimed to have made Thomas Bain's task of building the coastal road considerably easier. Bain started construction of the Groot River Pass in 1880, completing the work in 1883 with present road differing little from Bain's original.

Nature's Valley

Moving along the road towards modern day Nature's Valley the first owner, Hendrik Barnardo, was employed at the convict station at Bloukrans established by Thomas Bain when building the road through the Tsitsikamma.

Barnardo claimed that the Groot Rivier farm had been granted to his grandfather by Lord Charles Somerset for whom he had acted as beater during hunts in the region. However, according to the Deeds records, a Barnardo had acquired it as an immigrant allotment. Barnardo held only the grazing rights to Nature's Valley until 1914 when the farm, roughly the extent of the present township, was granted to him. In 1918 Dr. Wilhelm Von Bonde persuaded Barnardo to allow him to build a shack on the lagoon near the mouth. This marked the beginning of development of Nature's valley. Today this quaint village is still slumbering in time's gone past and offers a tranquil retreat from modern day demands.

WARDS

The Municipality is currently structured into the following 7 Wards:

WARD	AREAS
1	Green Valley, Wittedrift, Craggs, Kurland, Keurbooms, Natures Valley and Covie
2	Town (Plettenberg Bay South and Plettenberg Bay North)
3	Qolweni, Bossiesgif, Pine Trees and Gatjie
4	New Horizon and Part of Kwanokuthula (Split VD)
5	Phase 1 and Phase 2 Kwanokuthula
6	Phase 3 Kwanokuthula
7	Kranshoek, Harkerville and Split VD Phase 3 Kwanokuthula

Table 5.: Municipal Wards

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The following table indicates the urban, peri-urban and rural areas situated within the boundaries of the municipality:

Urban areas	Peri-urban areas	Rural areas
Plettenberg Bay New Horizons Kwanokuthula Bossiesgif / Qolweni	Keurbooms Kranshoek Nature's Valley The Craggs / Kurland Wittedrift / Green Valley	Uplands De Vlugt Covie Harkerville Fisantehoek Redford Road

Table 6.: Municipal Areas

The municipal area contains a variety of landscape types containing many areas of special beauty and historical significance that can be divided into the following landscape character types:

- Mountains and mountain valleys
- Foothills
- Plateau
- Incised river valleys
- Sheltered lowland
- Lowland valleys and wetlands
- Estuaries
- Beach shorelines and dunes
- Rocky shores and headlands
- Seascape
- Indigenous forest
- Plantation

KEY ECONOMIC ACTIVITIES

Tourism is currently the bedrock of Bitou's economy and this industry in particular needs to be looked at as a potential source of opportunities for growth and job creation. However, although tourism is currently perceived as a primary driver of the economy, sectors such as Construction and Manufacturing are other promising sectors. Furthermore, it is important to view these three sectors as potential drivers of the economy without disregarding the complex manner in which it interacts with all the other sectors not mentioned here, such as agriculture, transport and the emerging markets for eco-efficient technologies focused on water, energy and waste.

The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description - LED
Tourism	Bitou is a popular holiday destination. It has also become a sought after residential location for retired persons and foreigners. This has certainly been the main contributing factor to the growth that it has experienced over the recent past. Ironically, however, this is also the reason for constraining growth. The dramatic increase in prices for accommodation and houses, it appears, has discouraged a number of domestic tourists from choosing Bitou as a holiday resort. While the current flow of tourists is nevertheless a source of income for residents, the

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Key Economic Activities	Description - LED
	benefits flow to a small proportion of Bitou's population. If tourism is to benefit an ever larger number of Bitou's population this will have to change.
Manufacturing	In Bitou, this sector employs approximately 8% of all labour. Interviews with key companies in the manufacturing sector confirmed that there was great optimism about the prospects for future growth in the Bitou economy.
Trade and Construction	The trade and construction sectors of the economy are major contributors to employment and income generation in the area. As a percentage of total employment, construction and trade generate approximately 33% of total employment although this is down from 36,9% in 1996. Approximately 15% of this is generated by construction.

Table 7.: Key Economic activities

1.4 SERVICE DELIVERY OVERVIEW

1.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Service Area	Highlight	Description
Water Services	Reticulation upgrades & replacements	Replaced old A/C Pipes with UPVC Pipes
	Water treatment work upgrades	Construct new 5Ml/day sand filters
	Continuous training of staff to be qualified process controllers	
Waste Water (Sanitation)	Refurbishment of Sewer pump stations	Refurbishment of sewer pump stations 2 in Kwanokuthula
	Upgrade of Gansevallei Waste Water Treatment Works (WWTW)	Install new Mechanical Screen at Gansevallei WWTW
	Continuous Training of staff to be qualified Process Controllers	
	Received the WISA Award for best performing municipality for its treatment works	
Electricity	Spent approximately R9 million to procure tools and equipment for the upgrade of the electricity infrastructure for the entire Bitou area. These include bulk meters, mini-sub, transformers, ring main units, cables, cable fault testing equipment and tool for staff, both electrical and mechanical.	High voltage & Medium voltage test & safety equipment Bulk Meter upgrade to facilitate AMR Upgrade Medium voltage cables Plettenberg Bay Network and services upgrades
	Achieved 333 new electricity connections at low cost houses out of DOE funding and other connections based on request for new developments	Electrification: Housing program funded through DOE
	Construction of a platform in preparation for the construction of a new sub station in Kwanokuthula 66/11kV with DOE funding	Kwanokuthula new substation civil works
	Reduce distribution losses from 17.9% to 11.51%	Manage to reduce distribution losses from 17.9% to 11.51% which in reality should be 8.8% as the 2.8MWh provided as free issue is a giveaway and not a loss
	Commenced with the network upgrade project in Kwanokuthula at Cuba and Angola Street. Project ongoing as the entire area needs to be upgraded. Due to backyard dwellers the present reticulation is overloaded and new designs will have to provide for this additional load.	Mini-sub X2 Upgrade of Network at Cuba & Angola

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Service Area	Highlight	Description
	Installed two new 315KVA mini-substations in Natures Valley as well as a ring main switch to provide a ring circuit within the township	Mini-substations 2 Substation Upgrades & Replacement- Mini Substations 2
	Appointed the desperately required staff as listed, Loss Control Officer, Senior Fitter as well as Senior Electrician.	
	Installed overhead line in Keurbooms area including streetlights, main supply switchgear and miniature substation	Upgrade MV Cables Plettenberg Bay Streetlight Upgrade
Waste Management	Construction of a Waste Transfer Station	The current landfill site reached its capacity in terms of airspace it was needed to construct a Waste Transfer Station. All the necessary Environmental approval was granted. Total Value of project amounts to +/-R20 million Environmental Affairs granted a Closure Permit for the landfill site however certain issues are still preventing us from final closure.
	Wheelie Bins	With Waste minimization in mind the department moved from issuing 240lt wheelie bins to 140lt wheelie bins to communities of Kranshoek/Natures Valley. Containerization prevent blown litter in poorer areas
	Waste Minimization Recycling	Through constant awareness the department managed to minimize waste with 10% which is in line with towns such as Knysna and George. The placement of recycling bins increased the volumes collected

Table 8.: Basic Services Delivery Highlights

1.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water Services	Operation and Maintenance	<ul style="list-style-type: none"> Compile an Occupational Health and Safety Audit at all the WTWs and WWTWs. Develop operational limits, monitoring programmes, verification procedures and pre-determined corrective actions for all WTW and WWTW treatment processes.
	Conservation and Demand Management	Actively implement the existing WDM Strategy measures and the planned future measures. Ensure that adequate funding is allocated under their Capital and Operational budgets towards the implementation of the WC/WDM initiatives. To implement these measures Bitou Municipality also needs to continue with the installation of zone meters in unmeasured zones in the various distribution systems and link these to the financial data, in order to accurately determine the percentage of non-revenue for the specific zones.
	Water Services Infrastructure	Develop an Infrastructure Asset Management Plan (IAMP) from the updated Asset Register. This plan must be based on the principle of preventative maintenance in order to ensure that, as far as this

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Service Area	Challenge	Actions to address
		is practical, damage to assets is prevented before it occurs.
	Capital infrastructure projects	<ul style="list-style-type: none"> • Increase the filter capacity at the Plettenberg Bay WTW. • Continue with the rehabilitation and maintenance of the existing water and sewer networks. • Upgrade the capacity of the bulk water supply from the Keurbooms River. • Construction of an off-channel storage dam in the Wadrif 1 Valley. <ul style="list-style-type: none"> • Increase the storage capacity of the Roodefontein Dam (Phase 3). • Upgrading of the bulk water supply to Kranshoek, Kurland and Natures Valley
	Distribution System	<ul style="list-style-type: none"> • New Roodefontein Lower reservoir 5000 • New Roodefontein Upper reservoir 8000 • New reservoir at Kranshoek 8000 + 5000
Waste Water (Sanitation)	Capital infrastructure projects	<ul style="list-style-type: none"> • Upgrading of the existing sewer pump stations. • Upgrading of the Kwanokuthula bulk outfall sewer. • Upgrading of the Natures Valley bulk sewer system
	Institutional Arrangements	<ul style="list-style-type: none"> • Ensure all required water and sanitation training is included in the Municipality's Workplace Skills Plan. • Establish budgets to address the shortfall of skilled personnel, rethink methods to retain qualified personnel and plan for clear career paths. • Bitou Municipality's internal reports such as the Water Safety Plan, Wastewater Risk Abatement Plan, Operation and Maintenance Manuals assist • Bitou Municipality's Human Resource Department in general and the skills development facilitator in particular to develop and implement effective workplace skills plans relevant to Human Capacity Development requirements.
Electricity	<p>Due to a serious shortage of staff and equipment normal maintenance has become a serious issue as day to day planned maintenance has gone beyond the maintenance field and become a new and replacement requirement due to the prolonged shortage of qualified staff and the salary level which for Plettenberg Bay is not acceptable to attract the required staff.</p> <p>Presently due to the shortage of staff normal maintenance work cannot be commenced with as equipment, cable and other faults are</p>	<p>Council has recently taken steps to upgrade the Artisan and Superintendent salaries to improve the ability to attract qualified staff.</p> <p>Once the required staff are employed planned maintenance can now be implemented and the renewable planning of outdated equipment can proceed as a normal function of this department</p>

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Service Area	Challenge	Actions to address
	continuously occurring making it impossible to follow any planned schedule.	
	Load Shedding has been a challenge due to the electrical network capacity in reinstating the supply to all consumers at the same time and therefore requires an approximate two hours to reinstate power to all consumers.	The reinstatement of power after Load Shedding is a problem as the cable network is under stress. The situation at present is being attended to by fault finding and repairing of cables that are important to the network especially after Load Shedding. We have to date repaired around 70% of the damaged cables. We are still in the process of completing repairs.
	Aging infrastructure and insufficient budget to maintain and replace electrical equipment and machinery	The infrastructure is being upgraded by the installation of a High Voltage Ring Main cable which will receive some pressure on the aging network. We have started with the first phase and it would be advisable to budget for funds to complete this Ring Main which will stretch throughout the whole town network.
	Streetlighting maintenance is a major challenge and keeping an acceptable standard with reference to repairs as only one semi-skilled and one old cherry picker are available to carry out this function which is further hampered when the cherry picker is used for distribution network requirements and when the cherry picker has mechanical failure removing it from service for weeks on end.	It is of utmost importance to acquire two new Cherry Pickers as one can see the existing one is old and over worked. Further training of existing personnel to the level of semi- skilled artisans is also important to assist with the work load.
	Insufficient funds for capital projects	More funding is required and applications for external funding are in progress
	To reduce distribution losses from 17.9% to be within the NORM	<p><u>Street lighting KWh consumption was unknown</u> Usage is not metered at all streetlight installations. The installation of meters at each point of use must still be done to cancel this unaccounted usage</p> <p><u>Meters not registered on the system.</u> This item should not be here as this should never have happened in the large numbers as reported to be. All consumers using electricity and not paying for it must be attended to as a matter of high priority.</p> <p><u>By-passed meters.</u> This item must be inspected and all faulty meters replaced as soon as possible, however, depended on available meters in stock.</p> <p><u>Stealing of electricity</u> Due to tampering. The system must be policed in a more stringent and sophisticated manner.</p> <p><u>Municipal Buildings/Facilities</u> To be all metered and read on a monthly basis. All meters to be checked and split where tenants are occupying municipal buildings as these tenants get electricity for free at this time.</p> <p><u>Sewerage works & water works</u></p>

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Service Area	Challenge	Actions to address
		<p>All municipal sewerage works & water works and all pump stations to have their meters checked and renewed and placed on a register for monthly readings.</p> <p><u>Distribution losses</u></p> <p>These are the only losses that normally should be accounted for which are derived from the generation of heat when electricity passes from one point to another. It is referred to as the I²R loss in the system. When cables are at half their capacity they operate at 4 times less losses than at full capacity. Heat generation across a length of cable having a resistance of 1 ohm and carrying a current of 200amp has a loss generated from heat equal to 40kWh for every hour that it carries the stated current in this example.</p>
Waste Management	Illegal Dumping	Waste Management appointed community based contractors for the cleaning of illegal dumping spots in all wards. In total 10 contractors were appointed and +/- 60 job opportunities created.
	Educational Awareness	Continues education in all wards is taking place through the distribution of flyers distribution – the negative effect of dumping is being emphasised Through the help of Environmental Affairs with the appointment of Youth Jobs in Waste these students went out and educate residents on recycling
	Recycling	<p>Created drop-off points in communities which serve as an extra point to drop recyclable material. All schools in the area received recycling bins which assist in the waste minimization process. Communities should partake in recycling</p>
	Fleet Management	The department is battling with collection vehicles in order to service the entire town. With only two compactors operational it becomes merely impossible to render an effective service More compactors is needed and fleet management should consider a replacement policy. The expected lifespan of a compactor is normally 5 to 8 years

Table 9.: Basic Services Delivery Challenges

1.4.3 NUMBER OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

Description	2013/14	2014/15
Electricity service connections	11 337	11 578
Water - available within 200 m from dwelling	14 800	15 064
Sanitation - Households with at least VIP service	14 612	14 843
Waste collection - kerbside collection once a week	10 165	17 300

Table 10.: Households with minimum level of Basic Services

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1.5 FINANCIAL HEALTH OVERVIEW

1.5.1 FINANCIAL VIABILITY CHALLENGES

Highlight	Description
Improved current ratio	Current ratio improved to 1.72:1 which is indicative of an improved liquidity position
Debtors collection rate stable	Debtors collection rate remains above 96% which is indicative of the effort put in the collection of debt
Improved cash and cash equivalents	Cash and cash equivalents improved by R49 450 719.00 which reflect an improved liquidity and financial position
No unspent National Grants	No Unspent national grant

Table 11.: Financial Viability Highlights

1.5.2 FINANCIAL VIABILITY CHALLENGES

Challenge	Action to address
Ideal liquidity position not achieved yet taking into consideration long term financial plan and infrastructure requirements	Prudent levels have not yet been obtained therefore strict cash management must continue throughout the MTREF
Scarcity of Skilled Personnel	Still struggling to fill key finance positions with appropriate mixture of qualification and experience. A premium is still paid to retain skilled personnel thereby increasing the salary bill. Identification of local people with potential and internal staff to be trained and developed to be ready for some of these key positions in future.
Grant Dependency	Municipality still largely dependent on Grant funding. Cash reserved are been built to ensure that the Municipality is able to fund its capital funding through its own source of funding.

Table 12.: Financial Viability Challenges

1.5.3 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2013/14	2014/15
Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30/06/2015 with target of 11.8%	Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/(revenue received for services) at 30/06/2015	7.88%	12.47%
Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30/06/2015	Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	1.80	2.35

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Description	Basis of calculation	2013/14	2014/15
Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30/06/2015	Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	14.80	32.86

Table 13.: National KPI's for financial viability and management

1.5.4 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'ooo		
Income			
Grants	144 180	141 672	66 429
Taxes, Levies and tariffs	334 023	351 667	260 689
Other	16 960	47 637	R19 590
Sub Total	495 163	540 976	346 708
Less Expenditure	460 774	504 200	250 065
Net surplus/(deficit)	34 389	36 776	96 643

Table 14.: Financial Overview

1.5.5 TOTAL CAPITAL EXPENDITURE

Detail	2013/14	2014/15
	R'ooo	
Original Budget	52 161	45 706
Adjustment Budget	68 925	62 645
Actual	67 784	55 497
% Spent	98%	89%

Table 15.: Total Capital Expenditure

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

Highlights	Description
Management and Administration of Council's Committees	<ul style="list-style-type: none"> All Mayoral Committee, Council and Oversight Committee meetings were conducted and Agendas and minutes distributed within the prescribed timeframe. Ward committee meetings takes place as per the programme developed by the Speaker. Ward committee forum was established and consist of all ward and PR councillors, HOD's and two members per ward committee. The forum meets on a quarterly basis Councilors have stipulated community report back meetings. It takes place once per quarter.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Highlights	Description
	<ul style="list-style-type: none"> Management and Councillor meetings takes place on a monthly basis to discuss service delivery issues Senior Management meetings takes place bi-weekly We have a functional audit committee. Meets as per their programme. This committee is supported by the internal audit unit
<p>Effective Communications unit which facilitates consultative processes for IDP, Budget etc</p> <p>Website updated on a regular basis</p> <p>Relationship with business community through the business chamber</p>	
Policies Register being drawn up	To achieve compliance with relevant legislation and regulations, a Policy Register is being drawn up.

Table 16.: *Municipal Transformation and Organisational Development Highlights*

1.6.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Description	Actions to address
Organogram under review	The organogram is currently under review. The finalization thereof is outstanding for a long time. It hampers the filling of much needed posts.
Capacity constraints due to scarcity of skilled technical staff and professional staff	<ul style="list-style-type: none"> The grading of the municipality and the cost of living are making it very difficult to attract and retain professional and skilled staff. We are in the process of redoing our job descriptions to see if the posts are on the correct T-grade; We have implemented a Scarce Skills and Retention Policy to pay incentives in order to attract and retain staff where we have established that other municipalities offer better salaries than us We are given bursaries to our internal staff members to improve their skills and also to retain them. We offer internships and also takes in WILL students from TVET colleges and universities
Lack of office space infringes on the quality of services being rendered to the public as the various departments of Bitou Municipality are scattered throughout Plettenberg Bay which hampers interaction between the various departments and accessibility to the community and increases organisational cost.	Grant Thornton has been appointed as the financial transaction advisors to compile the Feasibility Study for New Municipal Offices for Bitou Municipality in order to assess the feasibility of the establishment of a single working environment to address the efficiency and accessibility issues and to consolidate the leased office space into a single owned space.

Table 17.: *Municipal Transformation and Organisational Development Challenges*

1.7 AUDITOR GENERAL REPORT

1.7.1 AUDITED OUTCOMES

Year	2012/13	2013/14	2014/15
Opinion received	Unqualified	Unqualified	Unqualified

Table 18.: *Audit Outcomes*

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.8 2014/15 IDP/BUDGET PROCESS

The table below provides details of the key deadlines for the 2014/15 IDP/Budget process:

Activity	Responsible person	Date
District IDP Managers Forum Meeting	IDP Manager	16 May 2014
IDP analysis report / MEC Comments	Municipal Manager / IDP Manager	19 July 2014
IDP Indaba MINMAY	Municipal Manager / IDP Manager	16 September 2013
District framework	IDP Manager	08 August 2013
Council approves IDP process plan	Mayor / Municipal Manager	29 August 2013
District IDP Managers Forum work session (Uniform Guidelines for IDP review)	District IDP Managers	01 November 2013 08 August 2013 16 May 2014
Advertise IDP process in local news papers	IDP Manager	05 September 2013
Update IDP forum list	IDP Manager	09 – 19 September 2013
IDP / PMS Workshop	Mayor/MM/HOD's and line Managers (IDP Budget steering Committee)	18 October 2013
Provincial IDP Managers Forum	IDP Manager	06 – 07 March 2014 05 – 06 June 2014
Ward Meetings	Ward Councillors/ Speaker /CLO's and CDW's	09 – 19 September 2013
Bitou Profiling (Status Quo analysis)	IDP Manager	November – December 2014
Financial and Institutional analysis	CFO and Director Corporate Services	November – December 2014
Profile workshop and gap analysis	IDP / Budget steering committee	18 October 2013
District Stakeholder engagement	Eden DM	26 – 26 February 2014
Strategic Workshop	Municipal Manager	01 – 03 November 2013
Setting of Performance indicators	IDP forum	24 February 2014
Prioritisation of Projects	All Departments	17 February 2014
Project scope planning	All Departments	17 February 2014
Mayors and Municipal Managers Forewords are included in the IDP	Mayor and Municipal Manager	February 2014
Integration of Sector Plans	All departments	24 February 2014
Load draft IDP and Budget on Municipal Website	Manager ICT	28 March 2014
Council Approves first Drafts of the Revised IDP and Budget	Mayor / Municipal Manager	31 March 2014

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Activity	Responsible person	Date
Place Advert in Local News Papers inviting public comments on the First Drafts.	IDP and Budget offices	03 April 2014
Place draft IDP and Budget in all municipal offices including public libraries.	IDP and Budget Office	01 April 2014
Send copies of the draft IDP and Budget to Provincial Treasury and Provincial Department	IDP and Budget	April 2014
Conduct ward based Public Meetings to inform the public about the IDP and Budget for 2013/2014.	IDP Steering Committee	14 – 23 April 2014
Respond to public comments	Municipal Manager	24 – 01 May 2014
Place advert in local news paper	IDP and Budget offices	05 June 2014
Send copies of the approved IDP and Budget to treasury and CoGTA	IDP and Budget offices	03 June 2014
Load approved IDP and Budget on municipal web page.	IDP and Budget offices	02 June 2014
Mayor approves Top Layer SDBIP	Director Strategic Services	09 June 2014
Council approves IDP and Budget	Mayor	28 May 2016

Table 19.: 2014/15 IDP/Budget Process

CHAPTER 2: GOOD GOVERNANCE

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2013/14	2014/15
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	98	89

Table 20.: National KPIs - Good Governance and Public Participation Performance

2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Accredited Ward Committee Training Two days in 20-21 November 2014	Unit standard 242890- Understanding of municipal processes and Unit standard 13934- Plan, Prepare and Communicate Meetings
Ward Committee Summit-14 February 2015	Year planning developing schedules and review of training and establishment of ward committee forum.
Council approved the establishment of a Ward Committee Forum	Strengthen relations between council and ward committee members
Councillor Report Back Meetings	Quarterly as per meeting schedule <ul style="list-style-type: none">• Ward 1• Ward 2• Ward 4• Ward 7
IDP Public Participation Engagements	Consultation with Ward Committee members and community members
District and Provincial Public Participation Workshop	Ward members

Table 21.: Good Governance and Public Participation Performance Highlights

CHAPTER 2: GOOD GOVERNANCE

2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Lack of commitment from councillors and ward committee members, absenteeism and no sector report back reports.	A monitoring tool for all ward committee members have been developed

Table 22.: Good Governance and Public Participation Challenges

2.4 GOVERNANCE STRUCTURE

2.4.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councilors are also actively involved in community work and the various social programmes in the municipal area.

A) COUNCIL

The Bitou Municipal Council comprised of 13 councillors, including 7 ward councillors and 6 proportional representation councillors. The Municipality has an Executive Mayoral Committee system and the Executive Mayoral Committee was made up of councillors drawn from the ruling parties, namely the DA and Cope alliance.

Below is a table that categorised the councilors within their specific political parties and wards:

Name of councilor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
Cllr M Booysen	The Executive Mayor	DA	PR	Male
Cllr A van Rhyner	The Deputy Mayor until 30 September 2014	COPE	PR	Male
Cnllr R Koeberg	The Deputy Mayor from February 2015	COPE	PR from February 2015	Male
Cllr A Olivier	The Speaker and Ward Councillor from September 2014	DA	PR & Ward 7 from Sept 2014	Female
Cllr E Pause	Mayoral Committee Member	DA	PR	Female
Cllr N de Waal	Mayoral Committee Member	DA	Ward 1	Male
Cllr N Ndayi	PR Councillor	DA	PR	Female
Cllr S Besana	PR Councillor	ANC	PR	Female
Cnllr S B Farrow	PR Councillor from 1 October 2014	DA	PR	Male
Cllr W Craig	Ward Councillor	DA	Ward 2	Male
Cllr L Seyisi	Ward Councillor	ANC	Ward 3	Female
Cllr H Plaatjies	Ward Councillor	ANC	Ward 4	Female
Cllr M Mbali	Ward Councillor	ANC	Ward 5	Male
Cllr S Gcabayi	Ward Councillor	ANC	Ward 6	Male
Cllr J Stuurman	Ward Councillor until 25 July 2014	ANC	Ward 7 until 25 July 2015	Male

CHAPTER 2: GOOD GOVERNANCE

Table 23.: Council 2014/15

Below is a table which indicates the Council meetings attendance for the 2014/15 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
25 August 2014	6	None received – as there was no quorum, the meeting was adjourned till further notice
16 October 2014	13	None – all present
18 November 2014	12	One - Cllr LM Seyisi
28 November 2014	12	One – Cllr Mbali
2 December 2014	11	Two - Cllr Farrow & Cllr Plaatjies
22 January 2015	13	None – all present
3 February 2015	13	None –all present
25 February 2015	13	None – all present
11 March 2015	13	None – all present
31 March 2015	13	None – all present
21 April 2015	12	One - Cllr De Waal
27 May 2015	13	None – all present
25 June 2015	12	One - Cllr Koeberg

Table 24.: Council meetings

B) EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the Municipality, **Councillor Memory Booysen**, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table:

Name of member	Capacity
Cllr M Booysen	Executive Mayor
Cllr AB Van Rhyner	Deputy Executive Mayor until 30 September 2014
Cllr R Koeberg	Deputy Executive Mayor w.e.f February 2015
Cllr NM de Waal	Member
Cllr EE Paulse	Member

Table 25.: Executive Mayoral Committee

CHAPTER 2: GOOD GOVERNANCE

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2014/15 financial year:

Meeting date	Number of reports dealt with under delegated authority	Number of reports submitted to council
25 August 2014	0	2
16 October 2014	7	20
18 November 2014	0	1
28 November 2014	6	27
3 December 2014	0	2
12 December 2014	0	0
22 January 2015	0	2
28 January 2015	2	2
25 February 2015	1	8
11 March 2015	-	3
31 March 2015	3	11
21 April 2015	0	3
27 May 2015	7	25
24 June 2015	1	16

Table 26.: Executive Mayoral Committee Meetings

2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Position	Performance agreement signed
		(Yes/No)
Mr. A Paulse	Municipal Manager	Yes
Mr F Lotter	Chief Financial Officer	Yes
Mr R Smit	Head: Corporate Services	Yes
Mrs P Ngqumshe	Head: Municipal Services and Infrastructure Development	Yes
Mr D Friedman	Head: Strategic Services	No, Mr Friedman was only appointed on 1 May 2015
Mr M Stratu	Head: Community Services	Yes

Table 27.: Administrative Governance Structure

CHAPTER 2: GOOD GOVERNANCE

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 INTERGOVERNMENTAL STRUCTURES

The municipality participates in the following forums:

- MIG Manager/Municipality Coordination Meetings – Western Cape Department of Local Government
- Integrated Waste Management Forum – Western Cape Department of Environmental Affairs and Development Planning
- Western Cape Recycling Action Group – Western Cape Department of Environmental Affairs and Development Planning
- Municipal Infrastructure and Related Services Working Group – SALGA
- Working for Water: Implementing Agent Managers Forum – National Department of Environmental Affairs
- Eden Water and Sanitation Working Group
- Regional Bulk Infrastructure Committee
- AMEU – Association of Municipal Electrical Utilities
- IMESA – Institute of Municipal Engineering of Southern Africa
- CESA – Consulting Engineers South Africa
- CAE Forum – Chief Audit Executive Forum
- LRO Forum – Chief Risk Officer's Forum
- GIS Forum
- SDF Forum
- Land Use Planning Cooperative Forum
- South Cape Building Control Forum
- National Building Control Officers Forum
- Western Cape Legal Advisors Forum
- Gouritz Breede Rivier Catchment Forum
- Bilateral Forum
- Town Engineer Infrastructure Forum
- Eden Integrated Transport Steering Committee
- Eden/DWS Bilateral Meeting
- Provincial INEP (Department of Energy)
- Department of Transport and Public Works (DTPW) – PPP Unit

2.5.2 JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
------------------------------	-----------------------------------	------------------------------	-----------------------------------

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New Office Project	New Office Project	DTPW – PPP Unit	Support and Guidance in Procurement and Contract Processes
Regional Bulk Water Scheme (Eden District)	Regional Bulk Water Scheme	DWS – through RBIG	Support and Funding
Geo-Referenced Asset Register	Geo-Referenced Asset Register	PDLG (WC)	Funding
Water Management	Western Cape Water Care Forum	DWS and WISA	Instigate constructive actions for water quality management and improved water management systems
River Catchments Management	Gouritz Catchment Project Steering Committee	DWS	Preliminary Reserve Determination Studies for Selected Surface Water, Groundwater, Estuaries And Wetlands in the Gouritz Catchment

Table 28.: Joint projects and functions with Sector Departments

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and preparation of the municipal budget.

2.6.1 WARD COMMITTEES

It was finally agreed that all 7 wards would have 10 ward committee members, and that a stipend of R500 per ward committee member will be paid.

Frequency of meetings of ward committees.

It was agreed that ward committees meet once every two months. Items for discussion will be ward based on matters raised by the various ward committee members. They will therefore no longer receive agendas for Mayoral Committee meetings for recommendation to the Mayoral Committee, but will still receive one agenda per ward, for information.

Funding of Out-of-Pocket expenses for Ward Committee members:

Council approved that each ward committee member should receive a monthly stipend of R500, to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With seven wards, the cost for Bitou Local Municipality will amount to R500 x 70 members, which will total R35 000 per month, totaling R420 000 per year. The stipend fee will be funded via the Municipal Systems Improvement Grant and Equitable Share Special Funding. Provision has been made on the 2015 / 2016 Annual Budget.

CHAPTER 2: GOOD GOVERNANCE

WARD 1: KURLAND, THE CRAGS, COVIE, NATURES VALLEY, KEURBOOMS AND WITTEDRIFT.

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr N De Waal	Ward Councillor	23 February 2015 07 May 2015
Mr P Zietsman	Community Safety	
Mrs L Andrews	Business	
Pastor S Sam	Religion	
Mrs A De Jong	Women	
Mr B Nel	Ratepayers Association	
Mrs J Carlisle	Environmental Interest Group	
VACANT	Health	
Mr R Mampondo	Education	
VACANT	Youth	

Table 29.: Ward 1 Committee Meetings

WARD 2: CENTRAL TOWN, PLETTENBERG BAY SOUTH AND PLETTENBERG BAY NORTH

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr W Craig	Ward Councillor	3 February 2015 3 March 2015 5 May 2015
Mr B Richardson	Community Safety	
Dr G Gous	Health	
Mr C Vlok	Education	
Mr D Wilms	Business	
Mrs R Berning	Women	
Mr D Swart	Business (Tourism)	
Vacant	Environment	
Mr A Wesley	Youth	
Vacant	Ratepayers Association	

Table 30.: Ward 2 Committee Meetings

WARD 3: BOSSIESGIF, QOLWENI

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr M Seyisi	Ward Councillor	19 February 2015
Mr S Mlulameli	Community Safety	
Ms N Vena	Health & Welfare	
Mr X Matyila	Education	
Ms N Isaac	Woman	
Ms X Jack	Youth	
Mr K Mhlanganisi	Religion / Faith Based Organisations	
Mr S Magaga	Environment	
Mr M Tsibaphi	Sports, Arts, Culture and Recreation	

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Name of representative	Capacity representing	Dates of meetings held during the year
Ms C Nomgudu	Business	
Mr X Booth	Housing	

Table 31.: Ward 3 Committee Meetings

WARD 4: NEW HORIZONS SPLIT VOTING DISTRICT KWANOKUTHULA

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr H Plaatjies	Ward Councillor	24 February 2015
Mr S Mussa	Youth	
Ms N Poswa	Women	
Ms R Levendal	Education	
Mr E Lourens	Community Safety	
Mr J Paulse	Sports, Arts, Culture and Recreation	
Mr R Paulse	Religion / Faith Based Organisations	
Mrs B Beazuk	Health & Welfare	
VACANT	Ratepayers	
Mr D Kamfer	Business	
Ms J Montaque	Women, Children with disabilities	

Table 32.: Ward 4 Committee Meetings

WARD 5: KWANOKUTHULA

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr P Mbali	Ward Councillor	19 May 2015
Ms N Madikane	Community Safety	
Mrs L Dingela	Woman	
Mr L Notshokovu	NGO	
Mr S Landu	Business	
Mr M Sijama	Sports, Arts, Culture & Recreation	
Mr B Sibukashe	Youth	
Mr M Mzinyathi	Education	
Ms A Ngcobondwa	Business	
Ms N Jacobs	Health	
Mr N Tanda	Faith based organisation	

Table 33.: Ward 5 Committee Meetings

WARD 6: KWANOKUTHULA

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr S Gcabayi	Ward Councillor	No meetings were held due to not reaching a quorum and unavailability of the councillor
Ms V Lukwe	Community Safety	
Ms T Mphepho	Youth	

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Name of representative	Capacity representing	Dates of meetings held during the year
Ms N Seti	Women, Children with disabilities	
Mr V Rasipone	Business(Taxi's)	
Ms N Dimenjo	Health & Welfare	
Mr P Qondo	Sports, Arts, Culture & Recreation	
Ms B Mfuphi	Sport	
Mr V Mqikela	Education	
Mr M Ncedani	Tourism	
Ms N Mlungu	Business	

Table 34.: Ward 6 Committee Meetings

WARD 7: KRANSHOEK, SPLIT VOTING DISTRICTS KWANOKUTHULA & HARKERVILLE

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr A.R Olivier	Ward Councillor	5 March 2015 26 May 2015
Mr J Barnardo	Youth	
Ms S Swarts	Faith Based Organisations	
Ms M Jantjies	Safety and Security	
Mr J Koopman	NGO	
Ms A Ruiters	Women	
VACANT	Environmental	
VACANT	Agriculture	
Mr C Manuel	Business	
Mr Z Dybishe	Geographical area	

Table 35.: Ward 7 Committee Meetings

2.6.2 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

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Ward Number	Committee established (Yes / No)	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
1	Yes	0	3	Yes	Develop a code of conduct for ward committee members in order to ensure functioning of ward committees
2	Yes	0	4	Yes	
3	Yes	0	1	No	
4	Yes	0	2	Yes	
5	Yes	0	1	No	
6	Yes	0	0	No	
7	Yes	0	3	Yes	

Table 36.: Functioning of Ward Committees

2.6.3 REPRESENTATIVE FORUMS

A) LABOUR FORUM

The table below specifies the members of the Labour forum for the 2014/15 financial year:

Name of representative	Capacity
Cllr E Paulse	Councillor
Cllr R Koeberg	Councillor
Cllr S Gcabayi	Councillor
Cllr N De Waal	Councillor
Mr M Stratu	Head: Community Services
Mrs P Ngqumshe	Head: Municipal Services & Infrastructure Development
Mr D Friedman	Head: Strategic Services
Mr. F Lotter	Chief Financial Officer
Mr R Smit	Head Corporate Services
Mr. A Nkatsha	SAMWU
Mr. L Mlanjeni	SAMWU
Ms M Nel	SAMWU
Mr. X Mafana	SAMWU
Mr T Dazela	SAMWU
Mr S Guda	SAMWU
Mr H van Rooyen	IMATU
Mr. H Kitsi	IMATU

Table 37.: Labour Forum

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COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.7 RISK MANAGEMENT

In terms of section 62 (1)(c)(i) “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;”...

In the absence of a dedicated Risk Management unit, the Internal Audit Services department assumed a co-ordinating role regarding the updating of the risk profile for the Municipality. The risk profile was also submitted to the Audit Committee.

The role of the service departments is to assist management in identification and review of risks in order to properly manage them. Risk management is an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making - there is no direction taken without looking at potential risks.

The table below indicates the top ten risks of the municipality:

Risk
1. Non-payment of accounts by debtors
2. Urbanisation
3. Electricity Losses
4. Ageing infrastructure
5. Ineffective Fleet Management
6. Public unrest
7. Non-execution of council decisions
8. Manipulation of housing waiting list
9. Lack of middle income housing in Plettenberg bay
10. Ineffective Fleet Management

Table 38.: Top ten risks

2.8 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

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A) DEVELOPED STRATEGIES

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
Anti-corruption strategy	Yes	Adopted on 28 th May 2013 and reviewed in the 2012/2013 financial year

Table 39.: Strategies

2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- effective governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

A) FUNCTIONS OF THE AUDIT COMMITTEE

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

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B) MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr I Boardman	Chairperson	17 August 2014
Dr De Vos	Member	1 October 2014
Ms J. Schouten	Member	24 November 2014
Ms N Bulabula	Member	26 February 2015
		13 May 2015

Table 40.: *Members of the Audit Committee*

2.10 PERFORMANCE AUDIT COMMITTEE

The Regulations require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the municipality.

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

A) FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to -

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

CHAPTER 2: GOOD GOVERNANCE

B) MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr I Boardman	Chairperson	17 August 2014
Dr De Vos	Member	1 October 2014
Ms J Schouten	Member	24 November 2014
Ms N Bulabula	Member	26 February 2015
		13 May 2015

Table 41.: Members of the Performance Audit Committee

2.11 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
 - (i) internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
- (iv) risk and risk management;
- (v) performance management;
- (vi) loss control; and
- (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

The Municipality has an In-house Internal Audit function consisting of **two** officials.

A) HIGHLIGHTS: INTERNAL AUDIT

Highlights	Description
Achieved more than 100% performance on Internal Audit Plan	Performed additional audits that were not part of the Audit plan
Audit Committee Workshop	Facilitated the Audit Committee Workshop
Risk Assessment Workshops	Facilitated the Risk Assessment Workshops for all departments
Maintain Risk Registers	<ul style="list-style-type: none"> • Generated Risk register for each department. • Compiled Municipality's risk profile and presented it to Management and Audit Committee.

Table 42.: Highlights: Internal Audit

B) CHALLENGES: INTERNAL AUDIT

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Challenge	Corrective Actions
Internal Capacity – There is a challenge in sourcing the suitable candidate as a Chief Risk Officer. Interviews were conducted but no suitable candidate could be appointed.	The Chief Risk Officer's position will be re-evaluated

Table 43.: Challenges: Internal Audit

C) ANNUAL AUDIT PLAN

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
Phase 1			
Updating of Municipal risk profile			
Phase 2			
Compiling Risk Based Audit Plan			
Phase 3			
Finance	AFS Review	The review conducted consisted solely of a high-level technical and quality review of compliance with GRAP, and the Municipal Finance Management Act (MFMA).	August 2014
	Fixed Asset Register Review	Assess the accuracy, completeness and validity of the Fixed Asset Register	May 2015
	Debtors Management Audit	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Debtor's Management Process.	September 2014
	DORA 2013/14	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Grant management system.	September 2014
Strategic Services	Building Control Follow up	The objective of this follow up review to evaluate, and verify the actions taken by management in addressing the previously identified control gaps within Building Control and also determine the adequacy, effectiveness and timeliness of those actions.	March 2015
	PMS – Quarter 1	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality.	December 2014
	PMS – Quarter 2	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality.	March 2015
	PMS – Quarter 4 of 2013/2014	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance	August 2014

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Audit Engagement	Departmental System	Detail	Date completed
		management information reflects the true performance of the municipality.	
	PMS - Quarter 3 of 2013/2014	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality.	May 2015
Municipal Services and Infrastructure Development	Fleet Management	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Fleet Management Process.	May 2015
Corporate Services	Recruitment and Selection Audit	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Recruitment and Selection Process.	September 2014
	Leave Audit	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Leave Management Process.	December 2014
	Implementation of council resolutions	Providing reasonable assurance on effectiveness and adequacy of Internal Controls regarding the Implementation of Council Resolutions.	December 2014
Community Services	Housing Administration Audit	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Recruitment and Selection Process.	September 2014
	Housing Administration Follow up	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Recruitment and Selection Process.	May 2015

Table 44.: Internal Audit Coverage Plan

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Risk analysis completed/reviewed	October 2014
Risk based audit plan approved for 2014/15 financial year	November 2014
Internal audit programme drafted and approved	November 2014

Table 45.: Internal Audit Functions

2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement By-laws and policies.

Below is a list of all the policies that were developed and/or reviewed during the year:

Policies developed/ revised	Council Resolution	Date adopted
Expanded Public Works Programme (EPWP) Policy and Implementation Guidelines	C/3/95/10/14	16 October 2014
Investment and Cash Management Policy	C/3/95/10/14	16 October 2014
Computer and Information Technology Policy	C/3/95/10/14	16 October 2014
Disaster Recovery and Backup Plan	C/3/95/10/14	16 October 2014

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Policies developed/ revised	Council Resolution	Date adopted
Change Management and Control Policy	C/3/95/10/14	16 October 2014
Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	C/3/95/10/14	16 October 2014
Creditors, Councillors and Personnel Payment Policy	C/3/95/10/14	16 October 2014
Communication Strategy 2014 - 2017	C/3/95/10/14	16 October 2014
Customer Care Strategic Plan	C/3/95/10/14	16 October 2014
Sport Policy and Procedure Document	C/3/95/10/14	16 October 2014
Bitou Municipal Water Services Development Plan	C/3/95/10/14	16 October 2014
Policy for the Management of Immovable Property Assets of the Bitou Municipality	C/3/95/10/14	16 October 2014
Bitou Municipality Encroachment Policy	C/3/95/10/14	16 October 2014
Outdoor Advertising Policy	C/3/95/10/14	16 October 2014
Housing Selection Policy for Bitou	C/4/68/10/14	16 October 2014
Borrowing Policy and guidelines	C/2/235/05/15	27 May 2015
Petty Cash Policy	C/2/235/05/15	27 May 2015
Credit Control & Debt Collection Policy	C/2/235/05/15	27 May 2015
Tariff Policy	C/2/235/05/15	27 May 2015
Creditors, Councillors and Personnel Payment Policy	C/2/235/05/15	27 May 2015
Liquidity, Funding and Reserves Policy	C/2/235/05/15	27 May 2015
Supply Chain Management Policy Incorporating Preferential Procurement	C/2/235/05/15	27 May 2015
Investment & Cash Management Policy	C/2/235/05/15	27 May 2015
Asset Management Policy	C/2/235/05/15	27 May 2015
Property Rates Policy	C/2/235/05/15	27 May 2015
Indigent Support Policy	C/2/235/05/15	27 May 2015
Long-Term Financial Planning Policy	C/2/235/05/15	27 May 2015
Virement Policy	C/2/235/05/15	27 May 2015
Travelling Allowance Policy	C/2/235/05/15	27 May 2015
ICT Operating System Security Controls Policy	C/3/123/06/15	25 June 2015
ICT Security Controls Policy	C/3/123/06/15	25 June 2015
ICT User Access Management Policy	C/3/123/06/15	25 June 2015

Table 46.: Policies

2.13 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

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Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No	Date Approved/Completed
Communication strategy	Yes	16 October 2014 per Resolution C/3/95/10/14
Communication Policy	No	N/A
Functional complaint management systems	Yes	May 2006
Customer satisfaction surveys	Yes	May 2015 and ongoing

Table 47.: Communication Activities

2.13.1 COMMUNICATION UNIT

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	2	Manager Communications & Customer Care
			Communications Officer

Table 48.: Communication Unit

2.13.2 NEWSLETTER

Type of Newsletter	Number distributed	Circulation number	Date distributed
Internal	3	650 copies per issue	July 2014 November 2014 Jan 2015
External	3	12 000 copies per Issue	August 2014 December 2014 March 2015
Special Editions	2	As Per Newspaper Agency copies distributed	Die Burger – 20 April 2015 Die Son – 25 May 2015 CXPress – 22 April 2015

Table 49.: Newsletter

2.13.3 AWARENESS CAMPAIGNS

Topic	Description	Dates	Target Groups	Number of People Reached
Customer Care Awareness Campaign	Bitou local Municipality wants to improve on its service delivery through the transformation and improvement of its human capital and the improvement of service delivery practices.	May 2015	Bitou	15 000 Questionnaires distributed to households

Table 50.: Awareness Campaigns

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2.13.4 ADDITIONAL COMMUNICATION CHANNELS UTILISED

Channel	Yes/No	Number of People Reached
Facebook	No	N/A
Twitter	No	N/A
SMS system	Yes	Started Dec 2014 (±3800)

Table 51.: Additional Communication Channels Utilised

2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2014/15	Yes
Adjusted Budget 2014/15	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes

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Description of information and/or document	Yes/No and/or Date Published
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2014/15	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2014/15	Yes
IDP Process Plan for 2014/15	Yes
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Section 37 of the MFMA; No 56 of 2003 (Unsolicited Bids/Contracts)	Yes
Public-Private Partnership agreement	Yes
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the Municipal Finance Management Act)	
Annual Report of 2013/14	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the Municipal Systems Act)	
Local Economic Development Strategy	Yes
Performance Management (Section 75(1)(d) of the Municipal Finance Management Act)	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes
Assurance Functions (Sections 62(1), 165 & 166 of the Municipal Finance Management Act)	
Internal Audit charter	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

Table 52.:

Website Checklist

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2.15 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the Bitou Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

The Supply Chain Management Policy complies duly with the requirements of Section 112 of the MFMA as well as the Supply Chain Management Regulations. The Policy was drafted based on the SCM Model Policy issued by the National Treasury and amended to suit the local circumstances within the ambit of the regulatory framework and sometimes even stricter than the legal requirements.

2.15.1 COMPETITIVE BIDS IN EXCESS OF R200 000

A) BID COMMITTEE MEETINGS

The following table details the number of bid committee meetings held for the 2014/15 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
26	37	28

Table 53.: Bid Committee Meetings

A Bid Specification Committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved should at least be represented, and may, when appropriate, include external specialist advisors.

The attendance figures of members of the bid specification committee are as follows:

Member	Number of meetings attended	Percentage attendance
Senior SCM Practitioner	26	100%
Project Managers	26	100%

Table 54.: Attendance of members of bid specification committee

A Bid Evaluation Committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality.

The attendance figures of members of the bid evaluation committee are as follows:

Member	Number of meetings attended	Percentage attendance
Senior SCM Practitioner	37	100%
Project Managers	37	100%

Table 55.: Attendance of members of bid evaluation committee

The attendance figures of members of the bid adjudication committee are as follows:

Designation	Number of meetings attended	Percentage attendance
Chief Financial Officer- Chairperson	28	100%
HOD: Community Services	24	86%

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Designation	Number of meetings attended	Percentage attendance
HOD: Strategic Services	24	86%
HOD: Engineering Services	25	89%
HOD: Corporate Services	26	93%
Senior SCM Practitioner	28	100%

Table 56.: Attendance of members of bid adjudication committee

B) AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

The HOD's and the BAC has considered and or awarded 67 tenders to the value of more than R 206 million. The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Title of bid	Successful Bidder	Value of bid awarded
			R
SCM/FIN 52/2014	Supply & Delivery of Reticulation Material, contract Period Ending 29 February 2016	DPI Plastic (Pty)Ltd	9 193 485.31
SCM/66/2015/ENG	Supply & Delivery of Vehicles: Full Maintenance Lease	Zeda Car Leasing (Pty)Ltd t/a Avis Fleet Services	6 866 658.33
SCM/58/2015/ENG	Supply and Delivery Electrical Cables	Artivolt SA (Pty)Ltd	6 863 037.12
SCM/77/2015/ENG	Transaction Advisory Services for the Feasibility Study for New Municipal Offices for Bitou Municipality	Grant Thornton PS Advisory (Pty) Ltd	5 687 710.80
SCM/20/2015/MSID	Electrification of KwaNokuthula (Erven 7153 & 7154) and Bossiesgif Phase 2	MDL Electrical CC	5 159 791.62
SCM/ 02/2015/MSID	Containerisation and Transport of Solid Waste from Plettenberg Bay to Disposal Facility in Mossel Bay	Sannas Business Systems	4 637 776.40
SCM/19/2015/MSID	Qolweni / Bossiesgif and Kwanokuthula Housing Projects: Internal Electrical Installation for 584 Top Structures	MC Multi Services CC t/a MC Electrical	4 162 129.80
SCM/77/2015/ENG	Transaction Advisory Services for the Feasibility Study for New Municipal Offices for Bitou Municipality	Cliffe Dekker Hofmeyer Incorporated	3 693 600.00
SCM/FIN 08/2014	Provision of Banking Services	Nedbank Limited	3 449 893.31
SCM/66/2015/ENG	Supply & Delivery of Vehicles: Outright Purchase	BMR Motors (Pty)Ltd t/a Knysna Toyota	3 438 267.35

Table 57.: Ten highest bids awarded by bid adjudication committee

C) AWARDS MADE BY THE ACCOUNTING OFFICER

Bids awarded by the Accounting Officer are as follows:

Bid number	Title of bid	Directorate and section	Value of bid awarded
			R
SCM/COMM 30/2014	Construction of 358 High Density Houses for Qolweni	Ukhana Projects CC	43 669 219.13
SCM/COMM 31/2014	Construction of 226 High Density Houses for Kwanokuthula	Ukhana Projects CC	27 132 159.26
SCM/70/2015/	Provision of External Loans	Nedbank Ltd	16 720 768.39

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Bid number	Title of bid	Directorate and section	Value of bid awarded
			R
FIN			
SCM/16/2015/MSID	Civil Engineering Works for an Integrated Waste Management Facility in Plettenberg Bay	SJW Civils (Pty)Ltd	14 581 812.00

Table 58.: Awards made by Accounting Officer

D) APPEALS LODGED BY AGGRIEVED BIDDERS

Tender No	Description	Complainant	Date received	Outcome	Outcome Date
SCM/08/2015/MSID	Provision of Professional Engineering Services for a Multi-Year Period : Civil (Ranking 9)	Element Consulting (Pty) Ltd	2014/10/27	Unresolved	Appeal Authority still reviewing
SCM/08/2015/MSID	Provision of Professional Engineering Services for a Multi-Year Period : Civil (Ranking 9)	Royal Haskoning DHV	2014/10/28	Unresolved	Appeal Authority still reviewing
SCM/16/2015/MSID	Construction of Refuse Transfer Station	Euroblitz 1032 (Pty) Ltd t/a Robcon Civils	2014/12/08	2015/01/22	MM decision upheld

Table 59.: Appeals lodged by aggrieved bidders

2.15.2 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
			R	
Clause 36(1)(a)(i)- Emergency	13	4.23%	R 313 237	1.80%
Clause 36(1)(a)(ii)- Sole Supplier	48	15.64%	R 855 136	4.92%
Clause 36(1)(a)(iii)- Unique arts	3	0.98%	R 36 800.00	0.21%
Clause 36(1)(a)(v)- Impractical / impossible	243	79.15%	R 16 176 376	93.07%
Total	307	100%	R 17 381 548	100%

Table 60.: Summary of deviations

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2.16 DISCLOSURES OF FINANCIAL INTERESTS

Schedule 1, Section 7 as well as Schedule 2, Section 5A of the Municipal Systems Act states that when a councillor is elected or appointed or a person appointed in terms of section 56 or a municipal manager, he or she must within 60 days declare in writing to the municipal manager or the chairperson of the municipal council the following financial interests held:

- shares and securities in any company;
- membership of any close corporation;
- interest in any trust;
- directorships;
- partnerships;
- other financial interests in any business undertaking;
- employment and remuneration;
- interest in property;
- pension; and
- subsidies, grants and sponsorships by any organisation.

Any change in the nature or detail of the financial interests of any councillor or official must be declared in writing to the municipal manager or to the chairperson of the municipal council annually. The municipal council must determine which of the financial interests referred in the abovementioned list must be made public, having regard to the need for confidentiality and the public interest for disclosure.

The following table lists the disclosure of financial interests of the administrative and strategic role players of the municipality which were deemed to be disclosed for public interest:

Disclosures of Financial Interests	
2014/2015	
Name	Description of Financial interests*
Executive Mayor	
Memory Booysen	Nothing to Declare. No directorship found on CIPC
Member of Mayoral Committee / Executive Committee	
Annelise Olivier	Nothing to Declare. No directorship found on CIPC
Elaine Paulse	Nothing to Declare. No directorship found on CIPC
Nevelle de Waal	BITOU Beyond
Romeo Koeberg	Nothing to Declare. No directorship found on CIPC
Councillor	
Thelma Besana	Nothing to Declare. No directorship found on CIPC
Stuart Farrow	Nothing to Declare. No directorship found on CIPC
Wayne Craig	OTH Restaurant; The Table; Off the Hook events/Trading Company
Sandiso Gcabayi	Nothing to Declare. No directorship found on CIPC
Hilda Plaatjies	Nothing to Declare. No directorship found on CIPC

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Disclosures of Financial Interests	
2014/2015	
Name	Description of Financial interests*
Mpakamisi Mbali	Nothing to Declare. No directorship found on CIPC
Sumeia Ndayi	Nothing to Declare. No directorship found on CIPC
Monica Seyisi	Nothing to Declare. No directorship found on CIPC
Mpakamisi Mbali	Nothing to Declare. No directorship found on CIPC
Municipal Manager	
Allan Anthony Paulse	Nothing to Declare. No directorship found on CIPC
Chief Financial Officer	
Felix M Lötter	Nothing to Declare. No directorship found on CIPC
Directors	
Reginald F Smit	Nothing to Declare. No directorship found on CIPC
Phumla Ngqumshe	Nothing to Declare. No directorship found on CIPC
Monde G Stratu	Vilobas Holdings
David J Friedman	Companies dissolved
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A	

Table 61.: Disclosures of Financial Interests

CHAPTER 3

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

3.1.1 LEGISLATIVE REQUIREMENTS

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1.2 ORGANISATION PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on municipal services.

3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2014/15

A) ADOPTION OF A PERFORMANCE MANAGEMENT FRAMEWORK

The municipality adopted a performance management framework that was approved by Council in 2009. The review and amended of the performance management framework process commenced in July 2014.

B) THE IDP AND THE BUDGET

The reviewed IDP and the budget for 2014/15 was approved by Council on 28 May 2014. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

C) THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the municipality is going to do during next 12 months.
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.
- The SDBIP was prepared as described and the Top Layer SDBIP was approved by the Executive Mayor on 9 June 2014

The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on the 28 February 2015. The following were considered in the development of the amended Top Layer SDBIP:

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- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2013/14 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the Adjustments Budget
- Oversight Committee Report on the Annual Report of 2013/14
- The risks identified by the Internal Auditor during the municipal risk analysis

The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

Components of the Top Layer SDBIP include:

One-year detailed plan, but should include a three-year capital plan

The 5 necessary components includes:

- Monthly projections of revenue to be collected for each source
 - Expected revenue to be collected NOT billed
- Monthly projections of expenditure (operating and capital) and revenue for each vote
 - Section 71 format (Monthly budget statements)
- Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial measurable performance objectives in the form of targets and indicators
 - Output NOT input / internal management objectives
 - Level and standard of service being provided to the community
- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years

Top Layer KPI's were prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required National reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the Portfolio of evidence for reporting and auditing purposes.

A) ACTUAL PERFORMANCE

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis.

KPI owners report on the results of the KPI by documenting the following information on the performance system:

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- The actual result in terms of the target set.
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.4 PERFORMANCE MANAGEMENT

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

A) ORGANISATIONAL PERFORMANCE

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- Top-layer of the SDBIP approved by the Executive Mayor on 9 June 2014; SDBIP has been published on website; local media and submitted to Provincial and National Treasury and COGTA.
- The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month’s performance.
- Mid-year performance evaluation were held for the MM and HOD’s on 23 February 2015 for the period 1 July 2014 – 31 December 2014
- A mid-year budget and performance (section 72) report has been compiled within the legislative timeframes, tabled to Council and approved and submitted to Provincial Treasury;
- Rollout of performance agreements for other levels of management to be cascaded down in stages over next financial years.
- Internal Audit conducted audit on SDBIP for all quarters and reported to the Performance Audit Committee on a quarterly basis.
- Audit Committee also act as Performance Audit Committee and is fully functional.

B) INDIVIDUAL PERFORMANCE MANAGEMENT

I) SENIOR MANAGEMENT

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with all 557-employees and that performance agreements must be reviewed annually. This process and the

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format are further regulated by Regulation 805 (August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2014/15 financial year was signed on the following dates:

• HOD: Strategic Services:	31 July 2014
• HOD: Community Services:	31 July 2014
• HOD: Finance/ CFO:	31 July 2014
• HOD: Municipal Services and Infrastructure Development:	31 July 2014
• Municipal Manager:	31 July 2014
• HOD: Corporate Services:	31 July 2014

II) OTHER MUNICIPAL PERSONNEL

The municipality is in process to implement individual performance management to lower level staff in annual phases.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2014/15

3.2.1 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	$0\% \geq \text{Actual/Target} < 75\%$
KPI Almost Met	O	$75\% \geq \text{Actual/Target} < 100\%$
KPI Met	G	$\text{Actual/Target} = 100\%$
KPI Well Met	G2	$100\% > \text{Actual/Target} < 150\%$
KPI Extremely Well Met	B	$\text{Actual/Target} \geq 150\%$

Figure 2.: SDBIP Measurement Categories

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A) OVERALL PERFORMANCE

The graph below displays the overall performance per Strategic objectives for 2014/15:

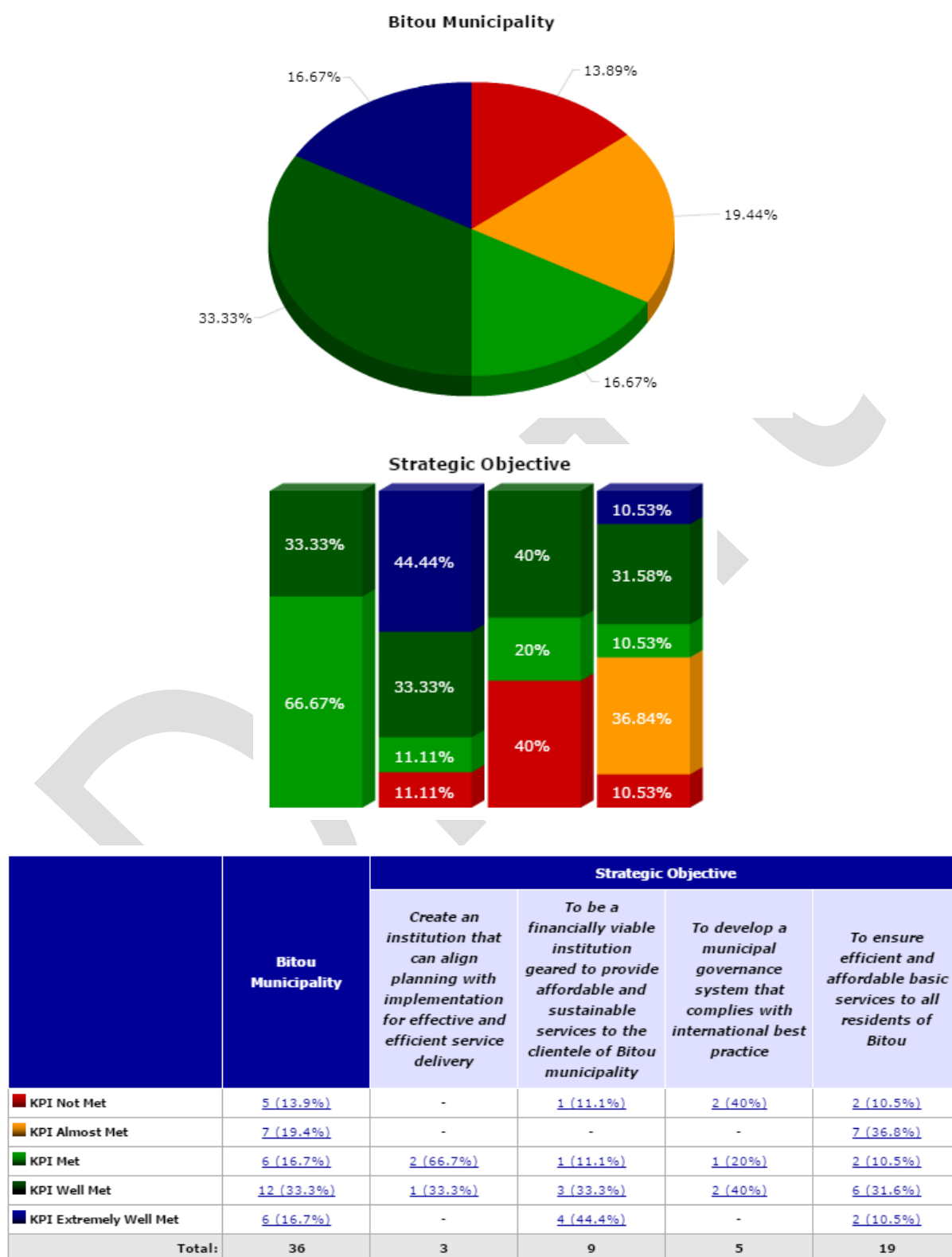


Table 62.: Overall performance per Strategic objectives for 2014/15

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- B) ACTUAL STRATEGIC PERFORMANCE AND CORRECTIVE MEASURES THAT WILL BE IMPLEMENTED
- I) CREATE AN INSTITUTION THAT CAN ALIGN PLANNING WITH IMPLEMENTATION FOR EFFECTIVE AND EFFICIENT SERVICE DELIVERY

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						Actual	
					Target							
					Q1	Q2	Q3	Q4	Annual			
TL5	90% of funded posts filled at 30/06/2015	90 % of funded posts filled (Actual funded posts filled divided by approved funded posts)x100 by 30/06/2015	All	82.08%	90%	90%	90%	90%	90%	96%	G2	
TL6	Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30/06/2015	Percentage of people equal to 90%from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30/06/2015	All	1	0	0	0	1	1	1	G	
TL7	Spent 0.1% of operational budget on training by 30/06/2015	Spent 0.1% of operational budget on training	All	0.10%	0%	0%	0%	0.10%	0.10%	0.10%	G	

Table 63.: Top Layer SDBIP – Create an institution that can align planning with implementation for effective and efficient service delivery

- II) TO BE A FINANCIALLY VIABLE INSTITUTION GEARED TO PROVIDE AFFORDABLE AND SUSTAINABLE SERVICES TO THE CLIENTELE OF BITOU MUNICIPALITY

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL8	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison	Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/	All	7.88%	0%	0%	0%	11.80%	11.80%	12.47%	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	with total revenue received for services at 30/06/2015 with target of 11.8%	(revenue received for services) at 30/06/2015									
Corrective Measures		Enhance the revenue collection activities with to improve collection of debt.									
TL9	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30/06/2015	Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	All	1.8	0	0	0	2	2	2.35	G 2
TL10	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations at 30/06/2015	Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	All	14.8	0	0	0	40	40	32.86	B
TL11	Achieve a debtor payment percentage of 92% [(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue] x 100 At 30/06/2015	[(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue] x 100 At 30/06/2015	All	107%	0%	0%	0%	92%	92%	98%	G 2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL12	Compile Plan to address the audit findings for the 2013/14 financial year and submit to the MM by 31 January 2015	Plan completed and submitted to MM by 31 January 2015	All	1	0	0	1	0	1	1	G
TL13	Provide subsidies during 2014/2015 for free basic electricity to indigent households and sub economic households	Number of indigent and sub economic households receiving free basic electricity as per FMS on 30/06/2015	All	6 650	0	0	0	6 392	6 392	6 438	G ₂
TL14	Provide subsidies during 2014/2015 for free basic water to indigent households and sub economic households	Number of indigent and sub economic households receiving free basic water as per FMS on 30/06/2015	All	5 702	0	0	0	5 708	5 708	6 103	G ₂
TL15	Provide subsidies during 2014/2015 for free basic sanitation to indigent households and sub economic households	Number of indigent and sub economic households receiving free basic sanitation as per FMS on 30/06/2015	All	3 194	0	0	0	3 189	3 189	6 251	B
TL16	Provide subsidies during 2014/2015 for free basic refuse removal to indigent households and sub economic households	Number of indigent and sub economic households receiving free basic refuse removal as per FMS on 30/06/2015	All	3 194	0	0	0	3 189	3 189	6 253	B

Table 64.: *Top Layer SDBIP – To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality*

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III) TO DEVELOP A MUNICIPAL GOVERNANCE SYSTEM THAT COMPLIES WITH INTERNATIONAL BEST PRACTICE

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL21	Compile and submit the Risk Based Audit Plan (RBAP) for the 2014/2015 financial year to the Audit committee by 30 November 2014	A Risk Based Audit Plan for the 2014/2015 financial year compiled and submitted to the Audit Committee by 30 November 2014	All	1	0	1	0	0	1	1	G
TL22	80% of audits completed as scheduled in the RBAP applicable for 2014/15 by end June (Actual audits completed divided by the audits scheduled for the year)x100	(Actual audits completed divided by the audits scheduled for the year)x100	All	92.85%	0%	0%	0%	80%	80%	107%	G 2
TL23	The percentage of 65% of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on capital projects /Total amount budgeted for capital projects)x100 during 2014/2015	Actual amount spent on capital projects /Total amount budgeted for capital projects)x100 at 30/06/2015	All	98%	0%	0%	0%	65%	65%	88.60%	G 2
TL37	Develop and promulgate a By-Law into the new LUPA by 30/06/2015	By-Law promulgated by 30/06/2015	All	New performance indicator for 2014/15. No audited comparatives available	0	0	0	1	1	0	R
Corrective Measures		The By-law was approved by Council on 25 June 2015 after which it was promulgated in the Gazette on 12 August 2015. Much depended on outside actions i.e placing the notice in the gazette etc. which was not in our hands									
TL38	Establish a Planning Tribunal by 30/06/ 2015 ito LUPA	Planning Tribunal established by 30/06/2015	All	New performance indicator for 2014/15. No audited	0	0	0	1	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						Actual
					Target						
					Q1	Q2	Q3	Q4	Annual		
				comparatives available							
Corrective Measures		The decision has been taken that Bitou will join in a Joint Tribunal with other Eden Municipalities. The Joint Tribunal members are currently developing a Memorandum of understanding after which the Tribunal can be finalised and approved by the Minister. In the light of this it is not practical to comply with the KPI.									

Table 65.: Top Layer SDBIP – To develop a municipal governance system that complies with international best practise

IV) TO ENSURE EFFICIENT AND AFFORDABLE BASIC SERVICES TO ALL RESIDENTS OF BITOU

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Continue installing services on the sites for the Qolweni housing project completing 153 serviced sites for the 2014/2015 financial year	Number of sites serviced during 2014/2015 as certified by the consulting engineers/consultant at 30/06/2015	3	New performance indicator for 2014/15. No audited comparatives available	0	0	0	153	153	153	G
TL2	Complete 205 top structures for the Qolweni housing project for the 2014/2015 financial year	Number of top structures completed during 2014/2015 as certified by the consulting engineers/consultant at 30/06/2015	7	New performance indicator for 2014/15. No audited comparatives available	0	0	0	205	205	102	R
Corrective Measures		The difference of 103 top structures between the actual performance and the target of 205 top structures represents top structures certified as “Practically Completed” but not meeting the criteria of “Finally Completed” . These structures had however been finally completed during the first quarter of the 2015/2016 financial year.									
TL3	Complete 226 top structures for the Kwanokuthula housing project for the 2014/2015 financial year.	Number of top structures completed during 2014/2015 as certified by the consulting engineers/consultant at 30/06/2015	1	New performance indicator for 2014/15. No audited comparatives available	0	0	0	226	226	127	R
Corrective Measures		The difference of 99 top structures between the actual performance and the target of 226 top structures represents top structures certified as “Practically Completed” but not meeting the criteria of “Finally Completed”. These structures had however been finally completed during the first quarter of the 2015/2016 financial year.									
TL17	Provide electricity during 2014/2015 to	Number of properties connected to the	All	10 374	0	0	0	11316	11 316	11 578	G 2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						Actual
					Target						
					Q1	Q2	Q3	Q4	Annual		
	properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	municipal electrical infrastructure network (credit and prepaid electrical metering as per the FMS at 30/06/2015)									
TL18	Provide refuse services during 2014/2015 to properties for which refuse is removed and billed for the service	Number of properties which are billed for refuse removal as per the FMS on 30/06/2015	All	9 546	0	0	0	10174	10 174	9 994	O
Corrective Measures		The finance department can only bill the number of properties that receive service. If less units of services are rendered then billing will be less. It may be that housing units were not yet occupied and therefore less units of service were rendered.									
TL19	Provide sanitation services during 2014/2015 to properties which are connected to the municipal waste water (sanitation/sewage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage in accordance with the financial system at 30/06/2015	All	14 614	0	0	0	9956	9 956	11 706	G 2
TL20	Provide piped water during 2014/2015 to properties which are connected to the municipal water infrastructure network and billed for the service	Number of properties that receive piped water (credit and prepaid water) as per the FMS at 30/06/2015	All	14 800	0	0	0	10 109	10 109	10 543	G 2
TL24	Limit electricity losses to 15% {(Number of	15 % total electricity losses	All	28.10%	0%	0%	0%	15%	15%	11.51%	B

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Electricity Units Purchased and/or Generated – Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100} calculated at 30/06/2015	calculated at 30/06/2015									
TL25	90% of the electricity maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	90% of the maintenance budget spent calculated at 30/06/2015	All	100	10%	30%	70%	90%	90%	85%	O
Corrective Measures		Approximately 85% of the maintenance budget was spent. Due to the state of the dilapidated infrastructure, more funding is required under the Capital for Replacement and upgrade of the equipment in order to prolong the lifespan of the assets.									
TL26	90% of the electricity capital budget spent by the end of June 2015 {(Actual capital expenditure divided by the total approved capital budget)x100}	90% of the capital budget spent at 30/06/2015	All	New performance indicator for 2014/15. No audited comparatives available	5%	20%	60%	90%	90%	99%	G2
TL27	90% of the roads and stormwater maintenance budget spent by the end of June 2015{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	90% of the maintenance budget spent calculated at 30/06/2015	All	90%	10%	30%	70%	90%	90%	88.84%	O
Corrective Measures		Tenders called for three cycle to cut delays on SCM processes and to improve on planned maintenance.									

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL29	90% of the roads and stormwater capital budget spent by the end of June 2015 {(Actual capital expenditure divided by the total approved capital budget)x100}	(Actual expenditure on roads and stormwater capital divided by the total approved budget)x100 calculated at 30/06/2015 in percentage	All	New performance indicator for 2014/15. No audited comparatives available	5%	20%	60%	90%	90%	94.56%	R
TL30	90% of the refuse removal maintenance budget spent by the end of June 2015 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent calculated at 30/06/2015	All	New performance indicator for 2014/15. No audited comparatives available	10%	30%	70%	90%	90%	112.46%	G ₂
TL31	% of the refuse removal capital budget spent by the end of June 2015 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent calculated at 30/06/2015	All	New performance indicator for 2014/15. No audited comparatives available	5%	20%	60%	90%	90%	90%	G
TL32	90% of the sewerage maintenance budget spent by the end of June 2015{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent calculated at 30/06/2015	All	94	10%	30%	70%	90%	90%	76.48%	O
Corrective Measures		Repair of Pumps and Mixers advert was not in time advertise. New pumps and motors must be funded from the capital vote.									
TL33	90% of the sewerage capital budget spent by the end of June 2015 {(Actual capital	% of the capital budget spent calculated at 30/06/2015	All	New performance indicator for 2014/15. No audited compara-	5%	20%	60%	90%	90%	78.77%	O

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	expenditure divided by the total approved capital budget)x100}			tives available							
Corrective Measures		The DoHS grant was not entirety spent for sewer/sanitation services. The contractor is 3 months behind schedule but 90% completed with the project. The contractor has cash flow problems. This funding was initially reported under the Community Services Department and transferred to the Engineering Department during the adjustment budget in February 2015. One project under Sanitation was delayed for advertising by supply chain office. Specifications were submitted in October 2014. Project is under the evaluation process for award of tender and waited for the roll-over of the budget to be approved on 20 August 2015.									
TL34	90% of the water maintenance budget spent by the end of June 2015{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent calculated at 30/06/2015	All	83.54%	10%	30%	70%	90%	90%	84.40%	O
Corrective Measures		Capital project Replacement Program of old AC to UPVC pipes to assist in the Maintenance budget.									
TL35	Limit technical water losses during 2014/2015 to (not more than) 15% {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100}	% water losses calculated at 30/06/2015	All	13.06%	0%	0%	0%	15%	15%	4.90%	B
TL36	90% of the water capital budget spent by the end of June 2015 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent calculated at 30/06/2015	All	New performance indicator for 2014/15. No audited comparatives available	5%	20%	60%	90%	90%	81.93%	O
Corrective Measures		The DoHS grant was not entirety spent. Contractor 3months behind schedule but 90% completed with the project. Contractor has cash flow problems. This funding was initially reported under the Community									

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2014/2015					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
		Services Department and transferred to the Engineering Department during the adjustment budget in February 2015.								

Table 66.:

Top Layer SDBIP – To ensure efficient and affordable basic services to all residents of Bitou

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3.2.2 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored to ensure that the requirements of the contract is complied with.

3.2.3 MUNICIPAL FUNCTIONS

A) ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes (Strategic Services)
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	Yes (Community Services)
Local tourism	Yes (Strategic Services)
Municipal airports	Yes (Corporate Services)
Municipal planning	Yes (Strategic Services)
Municipal health services	Yes (Shared service Eden DM)
Municipal public transport	Yes (Municipal Infrastructure Services Development)
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes (Municipal Infrastructure Services Development)
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes (Community Services)
Stormwater management systems in built-up areas	Yes (Municipal Infrastructure Services Development)

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Municipal Function	Municipal Function Yes / No
Trading regulations	Yes (Strategic Services)
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes (Municipal Infrastructure Services Development)
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes (Community Services)
Billboards and the display of advertisements in public places	Yes (Strategic Services)
Cemeteries, funeral parlours and crematoria	Yes (Community Services)
Cleansing	Yes (Community Services)
Control of public nuisances	Yes (Community Services)
Control of undertakings that sell liquor to the public	Yes (Community Services)
Facilities for the accommodation, care and burial of animals	Yes (Community Services)
Fencing and fences	Yes (Strategic Services)
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes (Strategic Services)
Local amenities	Yes (Community Services)
Local sport facilities	Yes (Community Services)
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes (Community Services)
Municipal roads	Yes (Municipal Infrastructure Services Development)
Noise pollution	No
Pounds	No
Public places	Yes (Strategic Services) (Community Services)
Refuse removal, refuse dumps and solid waste disposal	Yes (Community Services)
Street trading	Yes (Strategic Services)
Street lighting	Yes (Municipal Infrastructure Services Development)
Traffic and parking	Yes (Municipal Infrastructure Services Development)

Table 67.: Functional Areas

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3.3 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.3.1 WATER PROVISION

A) INTRODUCTION TO WATER AND SANITATION PROVISION

Water is probably the most fundamental and indispensable of natural resources – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 200 litres of potable water per day supplied within 200 meters of a household.

The municipality provides water and sanitation services at significantly higher levels than the basic RDP requirements. Almost all urban residents have access to uncontrolled water supply in houses or yards and full water borne sewerage. Maintenance of latrine pits is done by owners and not by the Municipality. The municipality provides a sludge emptying service to farmers and semi urban areas like Natures Valley. The municipality continuously strive to improve on the existing levels of service. The number of residential consumers of water is expected increase in line with the growth in population.

There are no significant wet industries in the Bitou Municipal area that receive water services from the municipality.

Bitou Municipality obtains water for human consumption from surface, groundwater, boreholes sources and the desalination plant. Water quality test results are available electronically, and the required reporting to the Department of Water Affairs and Forestry (DWAF) takes place on a monthly basis. In rural areas (farms) the municipality does not supply water services. The communities use rainwater and groundwater sources.

Three major projects implemented in support of the water provision strategy are the installation of the 500mm diameter pipeline from Keurbooms, the feasibility study for a regional dam from district funding, the Environmental Impact Assessment (EIA) for the Wardrift Dam in Wittedrift.

Bulk water supply remains a high priority and all efforts are put in place to meet growth and to be ahead in planning for future infrastructure requirements.

In this respect, the surface water augmentation scheme is in place and components of this scheme are implemented as funding become available through MIG and own sources. To this end 17km of a new 500mm raw water supply main has been completed and in operation.

This upgrading of the Keurboomsriver pump station is now in progress and the planning for a future off-channel dam (where water from the Keurboomsriver is stored) is in the EIA evaluation process.

RBIG funding was received through the Department of Water Affairs for a regional scheme with Knysna Municipality through the office of Eden District Municipality for a feasibility study for regional integration of the water supply systems. This will include both surface and underground sources.

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An inception report for the regional scheme was developed and approved by Council. The municipality is striving to achieve diversification of sources for water supply and the study on the regional scheme will address that as well.

Water Demand Management Strategy involves the following initiatives:

- Water Loss Control Management - Real loss assessment
- Electronic Controlling Meter Reading
- Leak detection and Leak detection planning
- Regular inspection and sounding of all water main fittings.
- Metering of individual pressure zones
- District metered area metering
- Night flow measurements
- Temporary placing of loggers and noise detectors
- Pressure Management
- Apparent Loss Control
- Asset Management - Maintenance on Water reticulation system and maintenance on all isolating valves, including installation of new water meters.

Bitou Local Municipality has set the benchmark for many smaller municipalities with regards to effective drinking water quality management. The highly passionate and committed officials are commended for their remarkable efforts to maintain excellence in the daily operations and therefore deserve the recognition through obtaining certification for Blue Drop Status. In spite of the accolades of the previous audit or assessments, further improvements were recorded. The municipality can proudly hoist the Blue Drop flag in all three of their water supply systems which is a rare feature for a municipality of its size and capacity.

The Department of Water Affairs has complete confidence in the manner in which drinking water quality is being managed by this municipality. Bitou Local Municipality surely deserves the prestigious certification for all three treatment systems.

B) HIGHLIGHTS: WATER SERVICES

Highlights	Description
Training received	Training of four NQF 4 Process Control Officers took place during the 2014/15 financial year

Table 68.: Water Services Highlights

C) CHALLENGES: WATER SERVICES

Description	Actions to address
Training	We will budget and apply for funding for training in NQF 2, NQF 3 and NQF4 levels
Old reticulation AC pipes	Old AC pipes will be replaced with UPVC pipes

Table 69.: Water Services Challenges

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D) SERVICES DELIVERY LEVELS

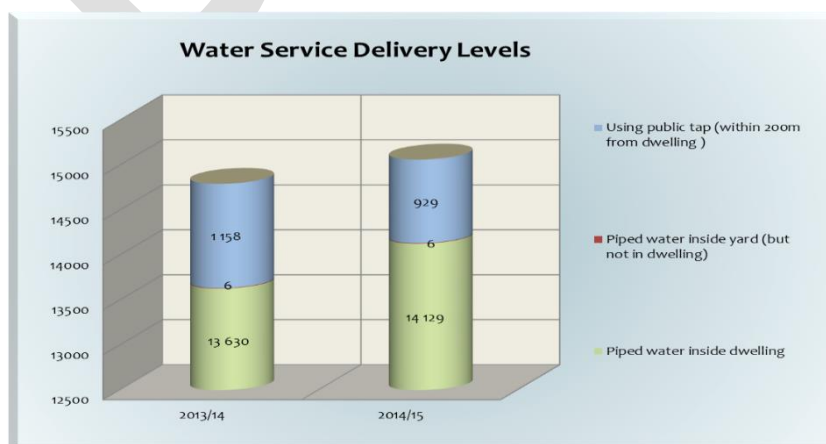
Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2013/14	No info	No info	24 139	3 324 956
2014/15	No info	No info	28 524	3 286 324

Table 70.: Total use of water by sector (cubic meters)

The following table specifies the different water service delivery levels per households for the financial years 2013/14 and 2014/15:

Description	2013/14	2014/15
	Actual	Actual
Household		
<u>Water: (above minimum level)</u>		
Piped water inside dwelling	13 630	14 129
Piped water inside yard (but not in dwelling)	6	6
Using public tap (within 200m from dwelling)	1 158	929
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	14 794	15 064
Minimum Service Level and Above Percentage	100	100
<u>Water: (below minimum level)</u>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households (formal and informal)	14 794	15 064
Include informal settlements		

Table 71.: Water service delivery levels



Graph 3.: Water Service Delivery levels

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Access to Water			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 kl free#
2013/14	1 164	13 636	5 702
2014/15	929	14 135	3 034
* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute; # 6,000 litres of potable water supplied per formal connection per month			

Table 72.: Access to water

B) EMPLOYEES: WATER SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	35	22	13	37.14
4 - 6	1	0	0	0	0
7 - 9	5	19	7	12	63.12
10 - 12	2	4	3	1	25
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	14	59	33	26	44.07

Table 73.: Employees: Water Services

C) CAPITAL: WATER SERVICES

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Reticulation upgrades & replacements	400	400	423	23
Keurbooms water supply and abs	0	100	100	100
Water demand management (pressure)	150	150	150	0
Housing services-Qolweni/Bossi	0	2 347	858	858
Supply to Kwano & surrounds	4 569	4 569	4 569	0
Water treatment work upgrades	0	442	442	442

Table 74.: Capital Expenditure 2014/15: Water Services

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3.3.2 WATER AND WASTE WATER RETICULATION

A) INTRODUCTION TO WATER AND WASTE WATER RETICULATION

The Bitou Municipality has been able to provide the deemed necessary services to its residents. The services will include water and sanitation reticulation and bulk, road and storm water infrastructure, electricity reticulation and bulk, waste removal and health services. The number of these services has been increasing on yearly basis since there are housing projects implemented in areas such as Bossiesgif, Kwanokuthula and Kurland since 2004.

The demand for services is also increasing due to the new developments and population growth. The draught which has struck the entire District during 2009/2010 financial year has also played a vital role in the water demand not properly met but the study done by Ninham Shand showed that at least the current water supply will be fully functional and reliable till 2025. It should be noted that should water demand not be met, the sanitation backlog will not be eradicated.

The first and foremost important aspect with sanitation is the health and hygienic priorities for those who are directly and indirectly exposed to it. The impoverished sanitation system has a direct negative impact on sustainable development due to illnesses caused such as cholera.

The municipality's sanitation strategy is based on the National Governments' vision which is, "Improved health, dignity and quality of life for all South Africans through improvements in sanitation and hygiene" and Bitou Municipality vision of "To Be the Best Together" summarizes it all. It is this municipal interest to improve the livelihoods of all its communities to have basic sanitation facilities which are highly hygienic and healthy. The focal areas for the Bitou Municipality in eradicating the sanitation backlogs will include application for funding in order to achieve sanitation backlog targets, Use of local capacity in implementing the project, Building of waterborne toilet system as an affordable option for Bitou Municipality. The geographic conditions of each and every area that needs to be serviced has to be taken into consideration, Population density and its challenges to the water demand that is on the increase and the current situation due to climate change and draught repercussions.

The Bitou Municipality envisage that should the funds be made available, a five year plan will be drawn in conjunction with all relevant stakeholders in order to achieve the targets within the set time frames stipulated in the funding contract/agreement. The five year plan will include scope of works, time management, high risk areas etc.

The project will be divided into different phases and it can be implemented in all areas affected parallel so that it may be monitored properly. In so doing the project will be finished by 2020 and in 2015 the Millennium Development Goals will be achieved. Alternately farms can be used as pilot projects where the project study, specifically for the Bitou area can be drawn for other phases to be properly implemented and monitored.

The hilly topography, combined with low-lying areas along the coast, presents numerous obstacles to the sewerage draining system. Many pump stations are necessary, with an extensive bulk sewerage transfer system to convey sewage to the Waste Water Treatment Works. Upgrading of the sewer pump station and Repairs and maintenance of sewage facilities all wards.

Bitou also struggles to source adequately trained and experienced technical staff to operate and maintain plant and infrastructure. Budgetary provision for recruitment of qualified staff and their ongoing training is provided for. The large low-

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income and indigent population stresses available capital and operation funding and the municipality depends on grants from higher levels of government to supply services to this section of the population.

B) HIGHLIGHTS: WATER AND WASTE WATER RETICULATION

Highlights	Description
WISA Award	The municipality received the Gansevallei Waste Water Winner of Wilson Award

Table 75.: Waste Water (Sanitation) Provision Highlights

C) CHALLENGES: WATER AND WASTE WATER RETICULATION

Description	Actions to address
Training of Process Control Officers	12 Assistant Process Control Officers are in training in IQF 2, IQF 3 and IQF 4 Levels

Table 76.: Waste Water (Sanitation) Provision Challenges

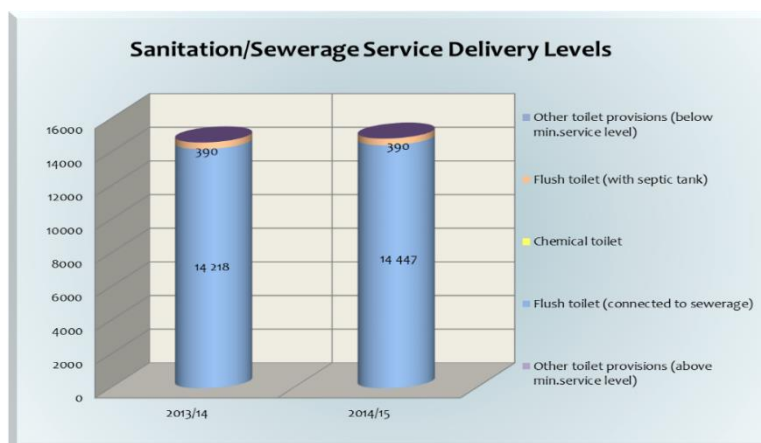
D) SERVICES DELIVERY LEVELS

Below is a table that specifies the different sanitation service delivery levels per households for the financial years 2013/14 and 2014/15:

Description	2013/14	2014/15
	Actual	Actual
Household		
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	14 218	14 447
Flush toilet (with septic tank)	390	390
Chemical toilet	4	4
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	2	2
Minimum Service Level and Above Sub-total	14 614	14 843
Minimum Service Level and Above Percentage	100	100
Sanitation/sewerage: (below minimum level)		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	14 614	14 843

Table 77.: Sanitation service delivery levels

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Graph 4.: Sanitation/Sewerage Service Delivery Levels

E) EMPLOYEES: WATER AND WASTE WATER RETICULATION

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	22	26	17	9	34.62
4 - 6	0	11	4	7	63.64
7 - 9	4	0	0	0	0
10 - 12	3	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	29	40	24	16	40

Table 78.: Employees Waste Water (Sanitation) Provision

F) CAPITAL: WATER AND WASTE WATER RETICULATION

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Upgrade sewer pump stat general	600	600	600	0
Stormwater improve-grant	0	1 701	295	295
Upgrade of Gansevallei waste water	1 000	1 500	989	(11)
Housing services-Qolweni/Bossi	0	3 387	3 219	3 219
Refurbishment of sewer pump	2 632	2 632	2 632	0

Table 79.: Capital Expenditure 2014/15: Waste Water (Sanitation) Provision

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3.3.3 ELECTRICITY

A) INTRODUCTION TO ELECTRICITY

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The strategy and results achieved so far is to make electricity available to all households identified within a year after the requirement has been identified. The top three service delivery priorities are to complete the planning on time, including additional capacity into the municipal grid, to ensure that funding is in place for all bulk infrastructure and electricity connections, and to perform in terms of the standards set during the construction stages.

Measures to improve performance are to work closer with the Human Settlement Departments, to integrate all functions within the relevant parties involved in the projects, and to have approved Master Plans in place for the roll out of the projects. This means working closely with ESKOM as well in ensuring implementation of their projects on time to provide additional capacity to the town

The Master Plan includes the identification of projects, programme and cashflow over a minimum period of three years. Successes achieved are securing of funds with the Department of Energy (DOE) in terms of their Integrated National Electrification Programme and the first phase of upgrading the electrical infrastructure to Kwanokuthula under difficult circumstances. The DOE has however supported the municipality in funding some of the projects. Keeping good relations with DOE and ensuring all grant funds are spent will result in more financial support from DOE.

Electrification priorities are determined in line with the municipality's IDP and Human Settlements/Housing Programmes. With the exception of Kranshoek and Kurland, where ESKOM is responsible for electrification, the municipality is responsible for all other townships within the municipal area.

B) HIGHLIGHTS: ELECTRICITY

Highlights
Spent approximately R1m to procure tools and equipment for the upgrade of the electricity infrastructure for the entire Bitou area. This included bulk meters, mini-sub, transformers, ring main units, cables, cable fault testing equipment and tools for staff, both Electrical and Mechanical.
Achieved 333 new electricity connections at low cost houses out of Department of Electricity (DOE) funding and other connections based on request for new developments.
Installed a plinth in preparation for the construction of a new Sub Station in Kwanokuthula 66/11kV with DOE funding.
Managed to reduce distribution losses from 17.9% to 11.51% which in reality should be 8.8% as the 2.8MWh provided as free issue is a giveaway and not a loss.
Commenced with the network upgrade project in Kwanokuthula at Cuba and Angola Street. The project ongoing as the entire area needs to be upgraded.
Installed two new 315KVA mini-sub in Natures Valley as well as a ring main switch to provide a ring circuit within the township.
Appointed the desperately required staff as listed: <ul style="list-style-type: none">• Loss Control Officer• Senior Fitter

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Highlights
<ul style="list-style-type: none"> Senior Electrician
Installed an overhead line in the Keurbooms area including streetlights, main supply switchgear and miniature substation.

Table 80.: Electricity Highlights

C) CHALLENGES: ELECTRICITY

Description	Actions to address
Due to a serious shortage of staff and equipment, normal maintenance has become a serious issue as day to day planned maintenance has gone beyond the maintenance field and became a new and replacement requirement due to the prolonged shortage of qualified staff and the salary level which for the Municipality is not acceptable to attract the required staff. Presently due to the shortage of staff and equipment, normal maintenance work cannot be commenced with as equipment, cable and other faults are continuously occurring, making it impossible to follow any planned schedule.	<p>Council has recently taken steps to upgrade the Artisan and Superintendent salaries to improve the ability to attract qualified staff.</p> <p>Once the required staff is employed, planned maintenance can then be implemented and the renewable planning of outdated equipment can proceed as a normal function of this department.</p>
Load Shedding has been a challenge due to the electrical network capacity in reinstating the supply to all consumers at the same time and therefore requires an approximate two hours to reinstate power to all consumers.	Will work around the Loadshedding
Aging infrastructure and insufficient budget to maintain and replace electrical equipment and machinery	Will apply for funding and budget for electrical equipment
Streetlighting maintenance is a major challenge and keeping an acceptable standard with reference to repairs as only one semi-skilled and one old cherry picker are available to carry out this function. The process is further hampered when the cherry picker is used for distribution network requirements and when the cherry picker has mechanical failure, resulting in losing the cherry picker from service for weeks on end.	Will apply for funding and budget for electrical equipment

Table 81.: Electricity Challenges

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	14 500KVA	New	10 700KVA
Wittedrift	400KVA	0.5%	370KVA
Keurboomstarnd	1 700KVA	2.5%	1 848KVA
Natures Valley	1 000KVA	0.5%	801KVA
Kwanokuthula	4 000KVA	3.5%	4 196KVA
Brakloof	9 500KVA	New	7 100KVA

Table 82.: Electricity Notified Maximum Demand

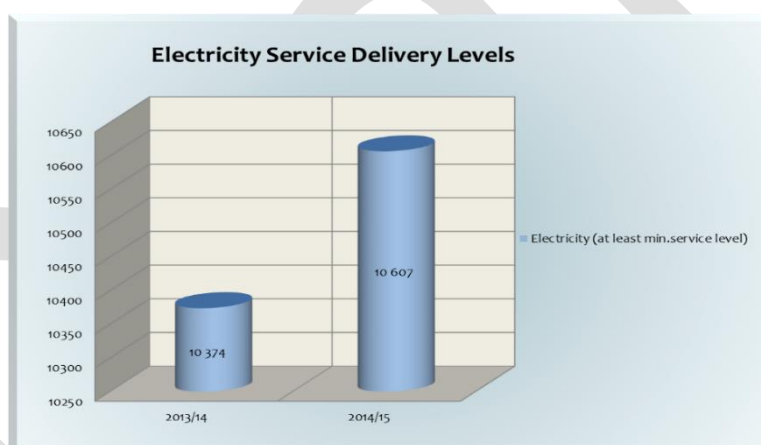
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D) ELECTRICITY SERVICE DELIVERY LEVELS

The table below indicates the different service delivery level standards for electricity within the Municipality:

Description	2013/14	2014/15
	Actual	Actual
Household		
Energy: (above minimum level)		
Minimum Service Level and Above Sub-total	10 374	10 607
Minimum Service Level and Above Percentage	100	100
Energy: (below minimum level)		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	10 374	10 607

Table 83.: Electricity Service Delivery Levels



Graph 5.: Electricity service delivery levels

E) EMPLOYEES ELECTRICAL SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	1	2	66.67
4 - 6	12	16	15	1	6.25
7 - 9	2	1	1	0	0
10 - 12	9	16	12	4	25
13 - 15	0	0	0	0	0

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Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	1	2	1	1	50
19 - 20	0	0	0	0	0
Total	27	38	30	8	21.05

Table 84.: Employees: Electricity services

F) CAPITAL: ELECTRICAL SERVICES

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Electrification: housing program	5 000	3 076	3 196	(1 804)
Hv & mv test & safety equipment	550	480	417	(133)
Bulk network upgrade to facilitate AMR	745	938	922	177
Network & services upgrade Kwano Phase 2	2 400	3 315	3 329	929
Tools and equipment	0	285	269	269
Substations upgrades & replace	0	665	646	646
Upgrade mv cables Plettenberg Bay	1 500	800	797	(703)
Mini subs 2	500	1 200	1 007	507
1st Phase dedicated cable-shift	3 760	3 760	3 828	68
Upgrade of network at Cuba & Angol	0	510	510	510
Kwano new substation civil work	0	799	799	799

Table 85.: Capital Expenditure 2014/15: Electricity Services

3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

A) INTRODUCTION TO WASTE MANAGEMENT

Waste Collection

The collection of household refuse or the lack thereof is one of the most powerful visual benchmarks on which the municipality service can be assessed. Bitou Municipality uses a split bag system for separation at source. Households put a black bag at Curbside on the day of domestic refuse collection and a yellow bag of recyclable material the day after normal collections.

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The standard service level for formal residences is a once a week curbside waste collection service. Most residential properties have been provided with 240L/140L wheelie bins which is a measure of containerizing of waste and a prevention of blown-litter.

Street Sweeping

Street sweeping is an important cleaning service to ensure public road safety. It also prevents the town's storm water system from becoming blocked or clogged with waste. Sweeping is done by the use of manual labor which is usually combined with litter picking.

Areas such as New Horizons, Kwanokuthula, Green Valley, Wittedrift, Kranshoek and Kurland Village are being serviced by community based contractors.

Landfill site

The Plettenberg Bay Solid waste Landfill site (GSB+) is being managed in accordance with permit number 16/2/7/K600/D3/21/P375 issued in April 2000.

Permissible Waste:

- Organic of Garden Waste
- Builders Rubble of Construction Waste
- Domestic Waste or Household/ Municipal waste – being containerized and transported to Mosselbay PetroSA (Regional Landfill Site)

The existing site has reached its capacity in terms of volume (lifespan) hence the fact that a Refuse Transfer Station is being built.

B) HIGHLIGHTS: WASTE MANAGEMENT

Highlights
Provided recycling igloos on major roads
Supplied 140lt wheelie bins to community
Started with the construction of transfer station.

Table 86.: Waste Management Highlights

C) CHALLENGES: WASTE MANAGEMENT

Description	Actions to address
Illegal dumping	We will launch an Educational Awareness Programme to urge our residents on to not dump waste illegally

Table 87.: Waste Management Challenges

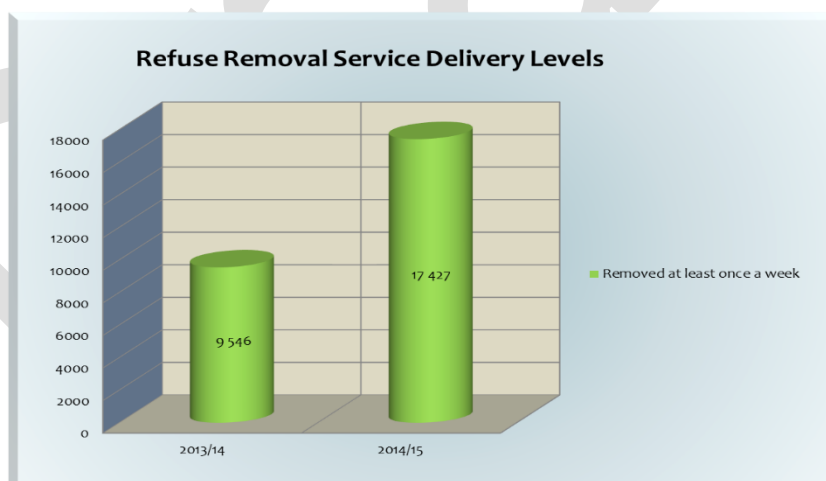
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D) SERVICES DELIVERY LEVELS

The table below indicates the different refuse removal service delivery level standards within the municipality:

Description	2013/14	2014/15
	Actual	Actual
Household		
Refuse Removal: (Minimum level)		
Removed at least once a week	9 546	17 427
Minimum Service Level and Above sub-total	9 546	17 427
Minimum Service Level and Above percentage	100	100
Refuse Removal: (Below minimum level)		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0	0
Total number of households	9 546	17 427

Table 88.: Refuse removal service delivery levels



Graph 6.: Refuse Removal Service Delivery Levels

E) EMPLOYEES: SOLID WASTE SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	47	57	42	15	26.32

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Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	0	15	9	6	40
7 - 9	8	3	1	2	66.67
10 - 12	3	2	0	2	100
13 - 15	1	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	59	78	53	25	32.05

Table 89.: Employees: Solid Waste Services

F) CAPITAL: SOLID WASTE SERVICES

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Waste transfer station (grant)	3 509	3 508	3 508	(1)
Waste transfer station	5 000	5 000	5 000	0

Table 90.: Capital Solid Waste Services

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3.3.5 HOUSING

A) INTRODUCTION TO HOUSING

The Housing Department together with IQ Vision, and the Professional Resource Team drafted a Multi-year Human Settlement Planning and Financials for Bitou Municipality (2012 – 2018). In order to redress service backlogs the Vision 2030 Concept and Provincial Strategic Objective 6 and to focus on short term interventions to achieve the long term vision. Short term vision will include the provision of basic services, and long term will be Sustainable Human Settlements, with beneficiaries taking greater responsibility. The Provincial Objective 6 is aimed at Developing Integrated and Sustainable Human Settlements for all.

The biggest challenges always being faced are the annual allocation of funding and the timeous completion of the awarded contracts. The efficient planning of projects are further complicated with the revised budgets, and additional funding becomes available to be spent before March of the following year.

The annual allocation of funding for 2014/2015 was initially **R63 324 000** and with the revised budget the allocation was increased to **R66 461 962.50**.

The following projects were completed / are currently underway:

- Civil services 401 erven in Kranshoek. Were completed in August 2013
- Top Structures (447) in Kranshoek. Were completed in January 2014
- Top Structures (196) in Kurland. Were completed in October 2013
- Civil services (433) in Qolweni. Were completed in January 2015

One of the most important service delivery programs is the Access to Basic Services. This program is aimed at servicing the Communities that are living in poverty, by the installation of Basic Services such as water and sanitation.

The Multi- year development plan illustrates the projected Housing projects for at least the next 5 years.

Housing need:

The current housing waiting list is 7 080. The table below indicates the priority housing sites:

Site	Units
Subsidy: Priority 1	
New Horizons; Portion 3 & 20 of the farm Hillview no.437.	± 1 450
Green Valley; Portion 28 of the Farm Wittedrift no.306 and Portion 43 of the Farm no.306	350
Subsidy Priority 2	
Kwanokuthula; Portion 40 of the Farm Hillview no. 437	226
Subsidy Priority 3	
Qolweni; Porion 22 of the Farm Astley no.439	358

Table 91.: Prioritised housing sites

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B) HIGHLIGHTS: HOUSING

Highlights	Description
Received two Govan Mbeki housing awards in 2014/2015	<p>The Municipality received two Govan Mbeki Housing Awards, namely:</p> <ol style="list-style-type: none"> 1. Best IRDP Project- Kwanokuthula 2. Best woman contractor.

Table 92.: Housing Highlights

C) CHALLENGES: HOUSING

Description	Actions to address
To align the Provincial financial year with the financial year of the Municipality.	The DORA allocation must be Gazetted by latest Dec/January of each year. This will enable the municipality to make provision on the adjustment budgets, in order to make funding available throughout the Municipal financial year.

Table 93.: Housing Challenges

D) SERVICES DELIVERY LEVELS AND STATISTICS

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2013/14	11 800	6 580	56
2014/15	12 111	7 538	62

Table 94.: Households with access to basic housing

The following table shows the decrease in the number of people on the housing waiting list. There are currently approximately **7 080** housing beneficiaries on the waiting list compared to 8 971 in 2013/14.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2013/14	8 971	11.9
2014/15	7 080	(21.1)

Table 95.: Housing waiting list

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2013/14	79 351	79 351	100	905	0
2014/15	66 462	66 462	100	569	433

Table 96.: Houses built in 2014/15

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E) EMPLOYEES: HOUSING

Employees: Housing					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	2	1	1	0	0
7 - 9	8	10	9	1	10
10 - 12	2	0	0	0	0
13 - 15	0	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	13	13	12	1	7.69

Table 97.: Employees: Housing

F) CAPITAL EXPENDITURE – HOUSING

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Purchase of land (grants)	0	1 000	0	0

Table 98.: Capital Expenditure 2014/15: Housing

3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

A) INTRODUCTION

A debtor is considered indigent if the total monthly household income is equal to two times the amount of state funded social pensions or less (currently R3 500 per month). All indigent households are receiving 6 kl water and 50kWh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications semi-annually in order to qualify for the benefits.

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B) SERVICE DELIVERY LEVELS

The table below indicates the percentage of indigent households that have access to free basic municipal services. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2013/14	17 620	6 650	40	5 702	34	3 194	20	3 194	20
2014/15	17 865	6 438	36	6 103	34.2	3 843	21.5	3 843	21.5

Table 99.: Free basic services to indigent households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'ooo			R'ooo			R'ooo
2013/14	3 194	50	1 398	3 456	50	1 513	1 908	50	835
2014/15	3 843	50	1 807	2 595	50	1 220	1 908	50	897

Table 100.: Free basic Electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'ooo			R'ooo
2013/14	3 194	6	1 549	2 508	6	1 217
2014/15	3 843	6	1 959	2 260	6	1 152

Table 101.: Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2013/14	3 194	98.9	3 778	2 508	1	2 976
2014/15	3 843	111.3	5 130	2 408	1	3 214

Table 102.: Free basic Sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2013/14	3 194	1	3 553	2 508	1	2 789

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Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2014/15	3 843	1	4 526	2 410	1	2 838

Table 103.: Free basic Refuse Removal services to indigent households per type of service

Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2013/14	2014/15			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'ooo				
Water	2 766	3 798	9 059	3 111	5 948
Waste Water (Sanitation)	3 778	3 101	23 524	8 344	15 180
Electricity	2 911	3 520	2 984	2 117	867
Waste Management (Solid Waste)	3 553	2 599	11 884	7 346	4 538
Total	13 008	13 018	47 450	20 918	26 532

Table 104.: Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered

3.4 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

3.4.1 ROADS

A) HIGHLIGHTS: ROADS

Highlights	Description
Pavement Management system – (PMS)	The Pavement Management System was updated during 2015

Table 105.: Roads Highlights

B) CHALLENGES: ROADS

Description	Actions to address
Reseal - Micropave reseal to public transport routes	We will budget and apply for funding for the resealing of the transfer rout

Table 106.: Roads Challenges

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C) SERVICE DELIVERY LEVELS AND STATISTICS

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2013/14	17.7	0	0	17.7
2014/15	17.7	0	0	17.7

Table 107.: Gravel road infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2013/14	135.4	0	0	0	135.4
2014/15	135.4	0	2.8	0	135.4

Table 108.: Tarred road infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the Municipality:

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2013/14	0	0	410	0	0	698
2014/15	0	0	300	0	0	1 100

Table 109.: Cost of construction/maintenance of roads

D) EMPLOYEES: ROADS

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	18	13	5	27.78
4 - 6	7	15	8	7	46.67
7 - 9	4	4	1	3	75
10 - 12	0	0	0	0	0
13 - 15	0	1	1	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	23	39	24	15	38.46

Table 110.: Employees: Roads

E) CAPITAL: ROADS AND STORMWATER

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R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Construction of speed humps-CRR	0	200	183	183
Storm water improvements 3	233	233	33	(200)
Rehabilitation of street 1	0	139	146	146
Taxi route	8 281	7 739	7 752	(529)
Housing services-Qolweni	0	2 603	2 008	2 008

Table 111.: Capital Expenditure 2013/14: Roads and Stormwater

3.4.2 WASTE WATER (STORMWATER DRAINAGE)

A) INTRODUCTION TO STORMWATER DRAINAGE

The Main purpose of the stormwater management function in the Bitou Municipality is to mitigate the damage to and increase the lifespan of the road infrastructure.

Much of the work carried out by the departmental relates to the following activities:

- Unblocking of stormwater drainage system
- Replacement of missing manhole covers
- Maintaining the entire infrastructure (stormwater)
- Cleaning and rehabilitation of the stormwater system and culverts
- Replacing broken pipes and kerb inlets
- Installing new stormwater systems, construction of open channels and sub-soil drains etc.

The Storm water Management Philosophy encourages the following:

- the need to protect the health, welfare and safety of the public, and to protect property from flood hazards by safely routing and discharging storm water from developments
- the quest to improve the quality of life of affected communities
- the opportunity to conserve water and make it available to the public for beneficial uses
- the responsibility to preserve the natural environment
- the need to strive for a sustainable environment while pursuing economic development
- the desire to provide the optimum methods of controlling runoff in such a way that the main beneficiaries pay in accordance with their potential benefits
- maintain adequate ground cover at all places and at all times to negate the erosive forces of wind, water and all forms of traffic
- Prevent concentration of storm water flow at any point where the ground is susceptible to erosion
- Reduce storm water flows as much as possible by the effective use of attenuating devices
- Prevent pollution of water ways and water features by suspended solids and dissolved solids in storm water discharges

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- contain soil erosion, whether induced by wind or water forces, by constructing protective works to trap sediment at appropriate locations. This applies particularly during construction
- avoid situations where natural or artificial slopes may become saturated and unstable, both during and after the construction process

B) HIGHLIGHTS: WASTE WATER (STORMWATER DRAINAGE)

Highlights
Appointed Consultants for the Storm Water Master Plan for KRANSHOEK

Table 112.: Waste Water (Stormwater drainage) Highlights

C) CHALLENGES: WASTE WATER (STORMWATER DRAINAGE)

Description	Actions to address
Limited funding to complete Master Plan	Proceed with Planning for area per year as funding allows
Communities that have no storm water system due to the limited housing funding provided	Apply to MIG for funding to provide Storm Water
The rivers and associated catchments as well as the constructed storm water infrastructure to be mapped in Electronic format.	Appointment of Consultants to provide Master Planning in electronic format

Table 113.: Waste Water (Stormwater drainage) Challenges

D) SERVICES DELIVERY LEVELS

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2013/14	79	0	0	79
2014/15	79	0	0	79

Table 114.: Stormwater infrastructure

The table below indicates the amount of money spend on stormwater projects:

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2013/14	0	0	410
2014/15	0	0	450

Table 115.: Cost of construction/maintenance of stormwater systems

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3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.5.1 PLANNING

A) INTRODUCTION TO PLANNING

The planning department has the vision to be instrumental in advising Council on spatial development issues and aligning land uses in an appropriate manner, thereby creating an environment conducive to healthy living and economic growth to the benefit of all the residents. In doing so, the point of departure is sustainability in which the environment, economic growth and social well-being are balanced in a harmonious manner. The greater Plettenberg Bay area with its natural beauty, diverse economy and spread of settlements provides for many opportunities but also entails certain challenges. Due to the appointment of key staff members, the Department has been able to provide a town planning service to the residents of Bitou. In general, application periods have been greatly reduced allowing developers and applicants in general to proceed with development projects.

The last part of the year was earmarked by a hive of activity in preparation of the introduction of the new order planning legislation. The much anticipated Spatial Planning Land Use Management Act, 2013 (SPLUMA) has been signed into law by the President with a date of coming into operation of 1 July 2015. The implications are that the Premier of the Western Cape (and all other Premiers) must introduce the Land Use Planning Act, 2014 while Bitou (and all Municipalities) must in terms of LUPA thereafter introduce a Land Use Planning By-law. The By-law was approved by Council and is to be officially gazette in July 2015. On confirmation that Council is ready for the introduction of LUPA, the Minister will Gazette this, which will herald the start of land use planning under the new order legislation in Bitou.

The planning department was instrumental in handling numerous land use applications such as rezonings, subdivisions, departure from land uses as well as land use restrictions and removal of Title Deed restrictions. In addition to this, the Bitou Spatial Development Framework Implementation Plan was completed and approved by Council. The SDF provides guidance for future growth direction, provides information for potential developers to base investment decisions on and serves to optimise provision of infrastructure development to those areas earmarked for growth.

B) HIGHLIGHTS: PLANNING

Highlights	Description
Preparation for introduction of new order planning legislation	Compliance and readying for SPLUMA
Compilation of land audit by Department of Rural Development	Audit to establish land ownership, especially government and municipal properties

Table 116.: Planning Highlights

C) CHALLENGES: PLANNING

Description	Actions to address
Sufficient staff and resources	Amend organogram and budget for posts

Table 117.: Planning Challenges

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D) SERVICES DELIVERY LEVELS

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Planning application received	2	1	2	13	23	75
Determination made in year of receipt	2	1	2	3	18	28
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	1	3
Applications closed	2	0	2	3	19	28
Applications outstanding at year end	0	0	0	0	4	47
Awaiting DEA&DP decision	0	0	0	0	0	4

Table 118.: Applications for Land Use Development

Type of service	2013/14	2014/15
Building plans application processed	218	320
Total surface (m2)	54 702.26	50 178.28
Approximate value (Rand)	119 331 084	277 869 524
Residential extensions	150	260
Land use applications processed	43	0
Rural applications	18	0

Table 119.: Additional Performance Town Planning and Building Control

E) EMPLOYEES: PLANNING

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	4	3	1	25
7 - 9	0	1	0	0	0
10 - 12	4	6	2	4	66.67
13 - 15	1	7	5	2	28.57
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	6	19	11	8	42.11

Table 120.: Employees: Planning

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3.5.2 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

A) INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT (LED)

Local Economic Development is the process through which Government, Public, Business and NGO's work together to create conditions conducive for Economic Growth and Development that will generate employment and business opportunities, thus improving the Socio Economic Conditions of the Residents.

B) HIGHLIGHTS: LED

Highlight	Description
Recycling project integration with Bitou waste management plan	Community Swap shops considered for integration with future Waste Management plans for Bitou. This will address social development issues and reduce cost to Bitou for the transport of waste to landfill in Mosselbay.
Approval and development of Qolweni Cultural Village	Development of a community driven tourism project in the local community
Redtape Reduction Programme	Addressing legislative constraints prohibiting business development and investments into town.
PACA Process completed	Intervention to address problems identified by business sectors and developing short term to medium term strategic plan to address constraints
SMME Development support	Supporting the development of SMME's in Bitou through business development programs and access to funding
Ericaville Sceletium project	Supporting community sceletium growing project driven by the Department Environmental Affairs
Funding of R8.6 million from National Department of Environmental Affairs	Funding has been secured for the following projects: <ul style="list-style-type: none"> Harkerville Agriforestry Project Ericaville Farm Sceletium Project

Table 121.: Highlights: LED

C) CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address challenges
LED is under resourced - Lack of budget	Prioritising LED and providing sufficient funding for the section to drive strategic economic development interventions – i.e. Review the LED Strategy that has not been reviewed in the last 4 years.
Lack of strategic management	Appoint an LED Manager
Outdated LED Strategy	Review the LED Strategy
Do not have sufficient funding for projects	Source funding form external funding agencies

Table 122.: Challenges LED

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D) EMPLOYEES: LED

Job Level (T-grade)	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	1	1	0	0
7 – 9	0	1	1	0	0
10 – 12	0	3	3	0	0
13 – 15	1	0	0	0	0
16 – 18	0	1	0	1	100
19 – 20	0	0	0	0	0
Total	1	6	5	1	16.67

Table 123.: Employees: LED

3.5.3 TOURISM

A) INTRODUCTION TO TOURISM

Tourism is one of the important economic sectors in Plettenberg Bay, and has been so for a long while. It could be argued though that the town has not benefitted from Foreign Incoming Tourism (FIT) business as much as it should have.

The Apex tourism structure is Plettenberg Bay Tourism, a voluntary association with a representative board comprising both business and community representatives. This body is funded entirely by a Municipal grant.

At a macro level, there is an improvement in available verifiable information on which to base decision-making and evaluate outcomes.

B) HIGHLIGHTS: TOURISM

Highlights	Description
Improved and coordinated events / festivals calendar	New events and collective approach towards events and festivals
Local product development	<p>The Municipality was involved in the following initiatives:</p> <ul style="list-style-type: none"> • Plett Winelands and trails • Plett Birding Route • Support to community tourism products ; ie Plett Cultural Bridge & the Qolweni Cultural Village
Increase in stakeholder base	Building of new relationships and partnerships

Table 124.: Tourism Highlights

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C) CHALLENGES: TOURISM

Description	Actions to address challenges
Lack of industry data	Increase buy-in from private and public sector into tourism strategy to improve feedback from tourism stakeholders
Shortage of financial and non- financial resources	Address current shortages to be included in next financial year's budget.
Division/ Lack of understanding between tourism entity (Plett Tourism) and public sector (Municipality) regarding the understanding of the tourism strategy and resources required to implement the strategy	Promote a collective understanding and approach towards tourism/economic development.

Table 125.: Challenges Tourism

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 LIBRARIES

A) HIGHLIGHTS: LIBRARIES

Highlights	Description
Upgrading of Kranshoek Library	The upgrade provided sufficient space and also addressed the community needs
Covie	Provided informal Library Services to Covie community. This was a joint effort by Bitou Municipality and Provincial Library Services who provided and donated much needed Library material and ICT.
ICT	Wittedrift Depot received computers for their users. This is part of the Rural Library Connectivity Project, supported by the Provincial Library Services.
Staff	Appointment of 4 new staff members (IT, ICT and Library Assistants) to address staff shortages
Vegetable Garden Project	The beneficiary of this projects is the needy community members, sick people, and crèches and pensioners forum.

Table 126.: Libraries Highlights

B) CHALLENGES: LIBRARIES

Description	Action to address
High stock loss	We have requested the support services of the Law Enforcement to assist the Library staff to collect outstanding books from the community. Lost book accounts reduced tremendously. We also need to install detection gates to all Libraries to decrease material losses.
Improve service to all community areas	We are in the process of upgrading Wittedrift Depot and Kurland Library to provide sufficient library space for educational and recreational purposes.

Table 127.: Libraries Challenges

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C) SERVICE STATISTICS FOR LIBRARIES

Type of service	2013/14	2014/15
Number of Libraries	5 libraries and 1 Depot Service	5 libraries and 1 Depot Service
Library members	18 957	14 820
Books circulated	159 610	14 0981
Exhibitions held	144	216
Internet access points	5 libraries. Wittedrift – 3G card.	5 libraries. Wittedrift – 3G card.
Children programmes	36	36
Visits by school groups	288	414
Book group meetings for adults	12	12
Primary and Secondary Book Education sessions	Library promotion/ outreach programs and Services to educational institutions –pre-schools, Crèches, Bitou Ten schools, private schools, Bitou Campus, UNISA, Post matriculates and other tertiary institutions	Library promotion/ outreach programs and Services to educational institutions –pre-schools, Crèches, Bitou Ten schools, private schools, Bitou Campus, UNISA, Post matriculates and other tertiary institutions

Table 128.: Library statistics

D) EMPLOYEES: LIBRARIES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	14	18	13	5	27.78
7 - 9	2	2	2	0	0
10 - 12	5	7	6	1	14.29
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	23	29	23	6	20.69

Table 129.: Employees: Libraries

E) CAPITAL: LIBRARY SERVICES

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Shelving for libraries	40	0	0	(40)

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R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Book detection system	300	300	206	(94)
Air conditioners	30	37	34	4
Upgrade of municipal buildings	600	662	189	(411)
Furniture and equipment	35	6	6	(29)

Table 130.: Capital Expenditure 2014/15: Library Services

3.6.2 CEMETERIES

A) HIGHLIGHTS: CEMETERIES

Highlights	Description
Consultations with Esri South Africa in order to develop a web-based Cemetery Management System for Bitou Municipality.(Initial user requirements specifications identified)	<p>When completed The Cemetery Management System (CMS) will replace the current , manual cemetery register with a computerized system that:</p> <ul style="list-style-type: none"> Allocates graves to use space optimally Tracks the gravesite allocation process Capture field data with a GPS device Stores burial documentation Acts as a burial register Displays location of grave sites on digital map Can generate reports and statistics

Table 131.: Cemeteries Highlights

B) CHALLENGES: CEMETERIES

Description	Actions to address
Cemeteries are not properly maintained.	A dedicated cemetery team with supervisor needs to be appointed to provide improved service delivery for cemeteries in the Bitou area.
Old grave sites not numbered and/or marked	Phase 1 of the new CMS will focus on the empty spaces to be organized for current and future grave sites. Once this is in place phase 2 will focus on capturing any information found in the old sections of the cemeteries and plot it with a GPS device. This can then be transferred onto the computerized system

Table 132.: Cemeteries Challenges

C) SERVICE STATISTICS FOR CEMETERIES

Type of service	2013/14	2014/15
Pauper burials	19	20

Table 133.: Service stats for Cemeteries

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3.7 COMPONENT E: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

3.7.1 LAW ENFORCEMENT

A) INTRODUCTION TO LAW ENFORCEMENT

The Law Enforcement Section is responsible for Law Enforcement, and Security Services, the protection of the municipality property, crime prevention duties and the protection of our Beaches. Municipal Law Enforcement mandated by Government Gazette 23868 of 26 September 2002, to address short falls and hardships experienced by Municipalities in South Africa relating by-law empowerment, Business Act 1991 (Act 71 of 1991), Occupational Health and Safety and land use planning. The Fire Brigade Act, 1987 etc.

B) HIGHLIGHTS: LAW ENFORCEMENT

Highlights	Description
Special events	The unit has a mandate to plan, organize and participate to all security matters with the municipality precinct.
Municipal Security	The municipality has one service provider with regards to providing safety to municipal personnel and property and alarm monitoring.
Impounding	The Section has made a joint operation with George SPCA to impound stray animals that are causing nuisance in our communities and on public roads
Joint operations with other stake holders	Joint operations with SAPS and Security Cluster are held on a monthly basis to address issues related to crime
Public complaints	Public complaints are attended to timeously and feedback is given to the complainants

Table 134.: Law Enforcement Highlights

C) CHALLENGES: LAW ENFORCEMENT

Description	Actions to address
Impoundment facility	Bitou Municipality will avail a piece of land for temporary impoundment of animals
Shortage of vehicles	To be addressed in the 2015/2016 budget

Table 135.: Law Enforcement Challenges

D) SERVICE STATISTICS FOR LAW ENFORCEMENT

Details	2013/14	2014/15
Animals impounded	0	38
Complaints attended to by Traffic Officers	267	152
Special Functions – Escorts	18	5
Awareness initiatives on public safety	2	1

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Table 136.: Law Enforcement Data

E) EMPLOYEES: LAW ENFORCEMENT

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	8	17	10	7	41.18
7 - 9	2	4	4	0	0
10 - 12	4	2	2	0	0
13 - 15	1	2	1	1	50
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	15	25	17	8	32

Table 137.: Employees: Law Enforcement

3.7.2 TRAFFIC SERVICES

A) INTRODUCTION TO TRAFFIC SERVICES

The Traffic Services Department strive to provide a safe and secure environment for all road users within the Bitou Municipal area.

B) HIGHLIGHTS: TRAFFIC SERVICES

Highlights	Description
Funding for Drivers License Testing Centre	K53 Driver's License testing yard to be completed by end 2015/2016 financial year
Hi Spec Vehicle	Vehicle containing onboard pc system, camera system, ANPR system etc.
Improved organogram	Increase of personnel and supervisors

Table 138.: Traffic Services Highlights

C) CHALLENGES: TRAFFIC SERVICES

Challenges	Actions to address
Prosecution of driving under the influence of alcohol/no district surgeons	Investigate the possibility of re-employing district surgeons. Engaging SAPS
Training/ lack of support in career part planning	Human Resources to investigate
Intergovernmental/ Provincial challenge - unable to register DLTC	Engage political heads

Table 139.: Traffic Services Challenges

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D) ADDITIONAL PERFORMANCE SERVICE STATISTICS FOR TRAFFIC SERVICES

Details	2013/14	2014/15
Motor vehicle licenses processed	36 129	19 657
R- value for Motor Vehicle Licenses	8 087 919	7 925 988.15
Fines issued for traffic offenses	74 625	59505
R-value of fines collected	8 162 430	7200 880
Roadblocks held	21	18
Complaints attended to by Traffic Officers	141	56
Awareness initiatives on public safety	5	7
Number of road traffic accidents during the year	91	118
Number of officers in the field on an average day	9	9
Number of officers on duty on an average day	12	12

Table 140.: Additional performance Service Statistics for Traffic Services

E) EMPLOYEES: TRAFFIC SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	6	6	0	0
4 - 6	4	6	4	2	33.33
7 - 9	0	1	1	0	0
10 - 12	13	16	12	4	25
13 - 15	0	2	1	1	50
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	22	31	24	7	22.58

Table 141.: Employees: Traffic Services

3.7.3 FIRE SERVICES AND DISASTER MANAGEMENT

A) INTRODUCTION TO FIRE SERVICES AND DISASTER MANAGEMENT

Fire and Emergency Services together with Disaster Management Services offer services to the community which include emergency response to incidents of a medical, rescue, fire or hazmat category. Training, prevention and education, as well as disaster management has finally been approved as sub sections within the organogram.

The Fire Department has additional support duties to the Plettenberg Bay Aerodrome in which Municipal Fire Services has refurbished its Rural 4x4 Tanker to comply with the CAA minimum requirements for a Category 2 Airport grading, said vehicle is in for mechanical repairs, however CEMAIR have purchased a 1984/5 MAN 6x6 airport vehicle through auction. This vehicle will be capable of discharging water and foam concentrate as well as dry chemical powder extinguishing agents. Hydraulic

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rescue equipment will be placed on the vehicle to meet the necessary rescue requirements. Future plans includes the provision for supporting staff as well as the construction of a basic structure to house equipment, vehicles and act as “Airport Fire Station”.

B) SERVICE STATISTICS FOR FIRE SERVICES

Details	2013/14		2014/15	
Operational call-outs	311		307	
Reservists and volunteers trained	± 5 Volunteers		10 EPWP	
Awareness initiatives on fire safety	5		67	
Total fires attended in the year	201		176	
Total of other incidents attended in the year	110		131	
Average turnout time - urban areas	3 min	Average 8.41	2min	Average 10.90
Average turnout time - rural areas	25.25 min		22.4 min	
Fire fighters in post at year end	1 Officer 3 Seniors 2 Fire Fighters 7 Learners 5 Probationary		1 Officer 3 Seniors 4 Fire Fighters 10 Learners 2 Probationary	

Table 142.: Fire Service Data

C) HIGHLIGHTS

Highlights	Description
Phase 1: One Stop Centre (Main Fire Station)	Project for 2017/18 /19
New 4x4 LDV purchased to Fleet	Skid unit on SCM tender 49
Hydraulic Rescue Set (Jaws of Life)	Hurst set refurbished for rescues
Additional appointments of 2 Learner Fire fighters	2 appointments from EPWP
EPWP : Kurland Fire Sub Station	Extended programme for 15/16

Table 143.: Highlights: Fire and Disaster Services

D) CHALLENGES

Challenges	Description
Staff and availability	Short staffed and not working 24 hours
Vehicles	Old vehicles needing refurbishment or replacing
Training	Ongoing training in skills and development
Funding	Budget provisions operating and capital

Table 144.: Challenges: Fire and Disaster Services

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E) EMPLOYEES: FIRE AND DISASTER SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	11	28	16	12	42.86
7 - 9	3	4	4	0	0
10 - 12	3	4	3	1	25
13 - 15	0	2	1	1	50
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	17	38	24	14	36.84

Table 145.: Employees: Fire services and Disaster Management

F) CAPITAL: FIRE SERVICES AND DISASTER MANAGEMENT

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance From Original Budget
Vehicle	0	880	820	820

Table 146.: Capital Expenditure 2014/15: Fire services and Disaster Management

3.8 COMPONENT F: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.8.1 INTRODUCTION TO SPORT AND RECREATION

Bitou enjoys a strong heritage in soccer, rugby, netball and cricket. The sport codes that are in the early stage of development within the greater Bitou community are athletics, cycling, boxing and golf.

A) HIGHLIGHTS: SPORT AND RECREATION

Highlights	Description
Sport Committees	Election of sport committees in various areas
Bitou Sport Council	Election of Sport council which will represent Plettenberg Bay on a Provincial level.

Table 147.: Sport and Recreation Highlights

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B) CHALLENGES: SPORT AND RECREATION

Description	Actions to address
Upgrading of sport fields and play parks and appointment of staff.	Apply for Lotto and MIG and internal funding

Table 148.: Sport and Recreation Challenges

C) SERVICE STATISTICS FOR SPORT AND RECREATION

Type of service	2013/2014	2014/2015
Community parks		
Number of parks with play park equipment	11	9
Number of wards with community parks	7	6
Sport fields		
Number of wards with sport fields	6	6
Number of sport associations utilizing sport fields	4	4

Table 149.: Additional performance information for Sport and Recreation

D) EMPLOYEES: SPORT AND RECREATION

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	34	20	14	41.18
4 - 6	13	22	15	7	31.82
7 - 9	4	5	4	1	20
10 - 12	1	3	2	1	33.33
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	35	64	41	23	35.94

Table 150.: Employees: Sport and Recreation

E) CAPITAL: SPORT AND RECREATION

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance From Original Budget
Upgrade Kwano Sport field(Lotto)	0	673	673	673
Upgrade Kwano Sport field-CRR	0	1 549	1 612	1 612

Table 151.: Capital Expenditure 2013/14: Sport and Recreation

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3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.9.1 FINANCIAL SERVICES

A) HIGHLIGHTS: FINANCIAL SERVICES

Highlights	Description
1 st Clean Audit of Bitou Municipality	Clean Audit in 2013/14 financial year
Monthly Financial Statements	Producing Financial Statements Monthly
Stable cash Position	Improvement and Stable cash position
95% of all Finance positions tasked	Proper Job Descriptions for almost all finance positions exist

Table 152.: Financial Services Highlights

B) CHALLENGES: FINANCIAL SERVICES

Description	Actions to address
Change management	Continue to have team building on shared vision and objectives
Proper accounting, advance excel & reconciliations training for staff	Continued professional development to understand processes. Training room almost complete to do internal training.
Filling of vacant positions	Structure now approved and recruitment will be finalized by end of October 2015

Table 153.: Financial Services Challenges

Details of the types of account raised and recovered	Debt Recovery					
	R'000					
	2014/15			2015/16		
	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Property Rates	110 314	110 314	104	108 553	108 553	102
Electricity	98 668	98 668	100	107 712	107 712	102
Water	35 870	35 870	90	49 290	49 290	102
Sanitation	37 993	37 993	97	57 052	57 052	102
Refuse	25 825	25 825	93	33 440	33 440	102

Table 154.: Debt recovery

3.9.2 HUMAN RESOURCE SERVICES

The Human Resources function is a staff function aimed at providing the organization with labour, and giving it specialized human resources services to help it to achieve the goals of the organization.

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The Human Resources section provides the following functions:

- **Human Resources Provisioning:** Comprising human resources planning, recruitment, selection, placement, induction and career management.
- **Human Resources Maintenance:-**Comprising the determination of conditions of service, remuneration structures, record keeping, personnel turn-over, settlement of disputes, advisory services, employer-employee relations, social responsibility. Employment equity and performance assessment.
- **Human Resources Development:-** Comprises training and development for its staff

A) HIGHLIGHTS: HUMAN RESOURCES

Highlights	Description
Implementation of an Electronic Employee Records System	In the past all employee records were only available in hard copy but can now be obtained via soft copy
Implementation of Biometric System (Time and Attendance)	The system will ensure that the correct working hours of employee's are captured on a monthly basis as employees report for duty by virtue of a thumb recognition.

Table 155.: Human Resources Highlights

B) CHALLENGES: HUMAN RESOURCES

Description	Actions to address
Shortage of Suitably Qualified staff within the section	Addressed by our newly revised structure and filling of vacancies as per the structure as soon as possible.

Table 156.: Human Resources Challenges

C) EMPLOYEES: HUMAN RESOURCES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	5	2	3	60
7 - 9	3	5	2	3	60
10 - 12	4	7	5	2	28,57
13 - 15	1	1	0	1	100
16 - 18	0	2	1	1	50
19 - 20	0	0	0	0	0
Total	9	20	10	10	50

Table 157.: Employees: Human Resource Services

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3.9.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

A) INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Bitou ICT renders data management support services and is responsible for the following:

- the design, manage, administer and maintain databases and computer systems, including specialized systems.
- the development and implementation an ICT strategy and policy for the municipality.
- the installation of ICT equipment and appropriate software programmes to ensure the availability of services and licensing.
- the provision of expert advice regarding the acquisition and maintenance of ICT equipment and systems.
- the provision of a problem solving/complaint service and end-user support with regard to ICT matters.
- the rendering of user compliance with ICT strategy and policies.
- to maintain user accounts and profiles on the network, in order to ensure that the policy regarding users' access is applied correctly and that the security of the system is protected against misuse.
- to perform data backup integrity through backup checks. Perform data backup risks compliance.
- to perform physical access control to ICT infrastructure.
- to ensure audit report adherence and application of relevant ISO 1799 and Cobit controls.
- to manage system support.
- the continuous improvement and development of IT Systems.

B) HIGHLIGHTS: ICT SERVICES

Highlights	Description
IP Phone Transition	Preparation of network for IP telephony
Server room upgrades	Upgrade power, structure and security
Network Switch Upgrade	Rip and replace and secure network
Visual Monitoring	Setup noc at IT office

Table 158.: ICT Service Highlights

C) CHALLENGES: ICT SERVICES

Description	Actions to address
Load shedding and stabilized power	Upgrade Batteries and Install generator
Site Vandalism	Site security/Site selection
Limited staff resources	Develop automation

Table 159.: ICT Service Challenges

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D) EMPLOYEES: ICT SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	2	2	2	0	0
7 - 9	0	0	0	0	
10 - 12	0	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	2	4	3	1	25

Table 160.: Employees: ICT Services

E) CAPITAL: ICT

R'000				
Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Samras software licenses	0	140	0	0
Computer equipment	0	373	299	299
DR Server/storage project	384	203	165	(219)
Main building network switches	328	322	322	(6)
Computer replacement	124	88	86	(38)
Wireless equipment	264	250	222	(42)
UPS for sites project	99	138	137	38
Training room project	104	95	95	(9)
Wireless upgrades	155	115	116	(39)
Management software	15	0	0	(15)
Furniture and equipment 1	10	3	3	(7)

Table 161.: Capital Expenditure 2014/15: ICT Services

3.9.4 LEGAL SERVICES

A) HIGHLIGHTS: LEGAL SERVICES

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Highlights	Description
Legal Plan	Adopted by Council as Council policy and implemented accordingly
Legal disputes and/or matters	Several long outstanding matters were concluded during the financial year and found in favour of the Municipality
Recovery of legal costs	Legal costs in excess of R700 000.00 recovered during the financial year

Table 162.: Legal Services Highlights

B) CHALLENGES: LEGAL SERVICES

Description	Actions to address
Organisational redesign of section	Structural changes recommended to Council to be adopted soon.
Expansion of legal services to include Contacts and Property Management.	Organisation redesign addresses this challenge.
Staff capacitation	Staff undergoing further formal training in legal practise

Table 163.: Legal Services Challenges

C) EMPLOYEES: LEGAL SERVICES

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	1	1	0	
10 - 12	0	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	1	3	2	1	33.33

Table 164.: Employees: Legal Services

3.9.5 PROCUREMENT SERVICES

The Bitou Municipality has a Supply Chain Management Policy (SCM Policy) that is reviewed annually. The Policy is implemented by a functional Supply Chain Management (SCM) Unit under the direct supervision of the Chief Financial Officer. The Municipal Manager has also implemented a delegation system for procurement-related actions, which includes the establishment of Bid Committees and the appointment of members. The delegations also allow for appropriate segregation of duties and Councillors are not involved in any of the procurement and tender processes.

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Suppliers are informed on a continuous basis of the functions of SCM on various occasions of public engagement and an automated Supplier Database, which is updated on a daily basis, is in operation. Oversight reports are submitted regularly to Council on Awards made and Deviations from the requirements of the Supply Chain Management Policy

A) HIGHLIGHTS: PROCUREMENT SERVICES

Highlights	Description
Positive assessment by the Office of the Auditor-General	No material findings on the activities of the SCM Unit for the 2013/14 financial year.
The continuous development and review of standardized documents, processes and procedures.	SCM Tender Documents have been redesigned and standardized and various SCM Processes has been developed and documented.
Maintenance of low stock losses	Consumable stores materials written down due to losses have been maintained at low levels.
Roll-out of centralized procurement- Phase 1	Migration of Supplier Database to the SAMRAS Financial Management System and the implementation of online procurement.
Approval of Council's Preferential Procurement Policy	Council's SCM Policy now includes the requirements of the Preferential Procurement Regulations with specific developmental targets.

Table 165.: Procurement Services Highlights

B) CHALLENGES: PROCUREMENT SERVICES

Description	Actions to address
Ensuring compliance to Section 44 & 45 of the Bitou Municipality Supply Chain Management Policy (SCMP). The Municipality does not have a database of persons in the service of the state, despite making every attempt to achieve 100% compliance with the SCMP.	No national database exists that is regularly updated and maintained and available to Local Government. Provincial Treasury has launched a service for the quarterly checking of databases available to them which mitigates the risks to some extent. Continuous engagement with Provincial Treasury and other role players to ensure that a viable solution to address the problem is found.
Development of a culture of demand management planning	The institutionalisation of Demand Management.
Inadequate utilisation of IT systems	Appointment of staff for the Buyer's Section in order to roll-out centralised online procurement.

Table 166.: Procurement Services Challenges

C) DETAILS OF DEVIATIONS FOR PROCUREMENT SERVICES

Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
Clause 36(1)(a)(i)- Emergency	13	4.23%	R 313 237	1.80%
Clause 36(1)(a)(ii)- Sole Supplier	48	15.64%	R 855 136	4.92%
Clause 36(1)(a)(iii)- Unique arts	3	0.98%	R 36 800.00	0.21%
Clause 36(1)(a)(v)- Impractical / impossible	243	79.15%	R 16 176 376	93.07%
Total	307	100%	R 17 381 548	100%

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Table 167.: Statistics of deviations from the SCM Policy

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3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the Municipality's top layer SDBIP for 2014/15 and are indicated in the tables below:

3.10.1 CREATE AN INSTITUTION THAT CAN ALIGN PLANNING WITH IMPLEMENTATION FOR EFFECTIVE AND EFFICIENT SERVICE DELIVERY

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL12	Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2016 {(Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100}	% of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30 June 2016 {(Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100}	All	90%
TL13	Spent 0.1% of operational budget on training by 30 June 2016 {(Actual total training expenditure divided by total operational budget)x100}	(Actual total training expenditure divided by total operational budget)x100	All	0.1%
TL46	90% of funded posts filled by 30 June 2016 {(Actual funded posts filled divided by approved funded posts)x100}	% of funded posts filled by 30 June 2016 {(Actual funded posts filled divided by approved funded posts)x100}	All	90%

Table 168.: Create an institution that can align planning with implementation for effective and efficient service delivery

3.10.2 TO BE A FINANCIALLY VIABLE INSTITUTION GEARED TO PROVIDE AFFORDABLE AND SUSTAINABLE SERVICES TO THE CLIENTELE OF BITOU MUNICIPALITY

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL5	Provide subsidies for free basic water to indigent households and sub economic households as at 30 June 2016	Number of indigent and sub economic households receiving free basic water as per FMS as at 30 June 2016	All	4 019
TL6	Provide subsidies for free basic electricity to indigent households and sub economic households as at 30 June 2016	Number of indigent and sub economic households receiving free basic electricity as per FMS as at 30 June 2016	All	4 019
TL7	Provide subsidies for free basic sanitation to indigent households and sub economic households as at 30 June 2016	Number of indigent and sub economic households receiving free basic sanitation as per FMS as at 30 June 2016	All	4 019
TL8	Provide subsidies for free basic refuse removal to indigent households and sub economic households as at 30 June 2016	Number of indigent and sub economic households receiving free basic refuse removal as per FMS as at 30 June 2016	All	4 019
TL14	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2016	Debt to Revenue as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue -	All	35%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
		Operating Conditional Grant at 30 June 2016		
TL15	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services as at 30 June 2016	Net Service debtors to revenue as at 30 June 2016 – (Total outstanding service debtors minus provision for bad debt)/(revenue received for services) at 30 June 2016	All	11.80%
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2016	Cost coverage as at 30 June 2016 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	All	2
TL47	Achieve a debtor payment percentage of 92% by 30 June 2016 [(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance+ Bad Debts Written Off)/Billed Revenue] x 100	[(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance+ Bad Debts Written Off)/Billed Revenue] x 100 at 30 June 2016	All	92%
TL48	Compile a plan to address the audit findings for the 2014/15 financial year and submit to the Municipal Manager by 31 January 2016	Plan completed and submitted to MM by 31 January 2016	All	1

Table 169.: *To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality*

3.10.3 TO DEVELOP A MUNICIPAL GOVERNANCE SYSTEM THAT COMPLIES WITH INTERNATIONAL BEST PRACTICE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL9	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2016 $\{(Actual\ amount\ spent\ on\ capital\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	$\{(Actual\ amount\ spent\ on\ capital\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$ as at 30 June 2016	All	90%
TL17	Compile and submit the Risk Based Audit Plan (RBAP) for the 2015/2016 financial year to the Audit committee by 30 November 2015	A Risk Based Audit Plan for the 2015/2016 financial year compiled and submitted to the Audit Committee by 30 November 2015	All	1
TL18	80% of audits completed as scheduled in the RBAP applicable for 2014/15 by 30 June 2016 (Actual audits completed divided by the audits scheduled for the year)x100	(Actual audits completed divided by the audits scheduled for the year)x100	All	80%
TL19	Facilitate the quarterly meetings of the audit committee for the 2015/2016 financial year.	Number of meetings held during the 2015/2016 financial year	All	4
TL43	Compile and submit the final Annual Report and oversight report to Council by 31 March 2016	Final Annual Report and oversight report submitted to Council by 31 March 2016	All	1
TL44	Review and submit the final IDP for 2016/2017 financial year to Council by 31 May 2016	IDP reviewed and submitted to Council by 31 May 2016	All	1

Table 170.: *To develop a municipal governance system that complies with international best practice*

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3.10.4 TO ENSURE EFFICIENT AND AFFORDABLE BASIC SERVICES TO ALL RESIDENTS OF BITOU

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2016	Number of properties that receive piped water as per the FMS as at 30 June 2016	All	10 516
TL2	Provide electricity to properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering as at 30 June 2016	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) as per the FMS as at 30 June 2016	All	11 527
TL3	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2016	Number of residential properties which are billed for sewerage in accordance with the financial system as at 30 June 2016	All	14 263
TL4	Provide refuse services to properties for which refuse is removed and billed for the service as at 30 June 2016	Number of properties which are billed for refuse removal as per the FMS as at 30 June 2016	All	16 665
TL10	Create 312 job opportunities to EPWP during the 2015/2016 financial year by 30 June 2016	Number of job opportunities created by 30 June 2016	All	312
TL11	Create 47 FTE's in terms of the EPWP during the 2015/2016 financial year by 30 June 2016	Number of FTE's created by 30 June 2016	All	47
TL20	Limit unaccounted for electricity to less than 15% by 30 June 2016 $\{(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold (incl Free basic electricity)}) / \text{Number of Electricity Units Purchased and/or Generated} \} \times 100\}$	% unaccounted electricity by 30 June 2016 $\{(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold (incl Free basic electricity)}) / \text{Number of Electricity Units Purchased and/or Generated} \} \times 100\}$	All	15%
TL21	90% of the electricity maintenance budget spent by 30 June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	% of the electricity maintenance budget spent by 30 June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	All	90%
TL22	90% of the electricity capital budget spent by 30 June 2016 $\{(\text{Actual capital expenditure divided by the total approved capital budget}) \times 100\}$	% of the electricity capital budget spent by 30 June 2016 $\{(\text{Actual capital expenditure divided by the total approved capital budget}) \times 100\}$	All	90%
TL23	90% of the roads and stormwater maintenance budget spent by 30 June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	% of the roads and stormwater maintenance budget spent by 30 June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	All	90%
TL24	90% of the roads and stormwater capital budget spent by 30 June 2016 $\{(\text{Actual capital expenditure divided by the total approved capital budget}) \times 100\}$	% of the roads and stormwater capital budget spent by 30 June 2016 $\{(\text{Actual capital expenditure divided by the total approved capital budget}) \times 100\}$	All	90%
TL25	90% of the sewerage maintenance budget spent by the end of June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	% of the sewerage maintenance budget spent by 30 June 2016 $\{(\text{Actual expenditure on maintenance divided by the total approved maintenance budget}) \times 100\}$	All	90%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL26	90% of the sewerage capital budget spent by the end of June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the sewerage capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	All	90%
TL27	90% of the water maintenance budget spent by the end of June 2016{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	90%
TL28	90% of the water capital budget spent by the end of June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the water capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	All	90%
TL29	Limit unaccounted for water to less than 15% by 30 June 2016 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified × 100}	% unaccounted water by 30 June 2016 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (including Free basic water) / Number of Kilolitres Water Purchased or Purified × 100}	All	15%
TL30	Reseal 2km of roads during the 2015/2016 financial year by 30 June 2016	Number of kilometers of roads resealed	All	2
TL31	Rehabilitate 1km of roads during the 2015/2016 financial year by 30 June 2016	Number of kilometers of roads rehabilitated	2	1
TL32	Upgrade 500 meters of gravel roads during the 2015/2016 financial year by 30 June 2016	Number of meters of gravel roads upgraded	6; 7	500
TL33	Complete the construction of the Waste Transfer Station by 30 June 2016	Project completed	All	1
TL34	Purchase all vehicles budgeted for by 30 September 2016	Number of vehicles purchased by 30 September 2016	All	28
TL35	Complete the second phase of the ring cable project by 30 June 2016	Project completed	All	1
TL36	Upgrade the 2 waste water pump stations by 30 June 2016	Number of pump station upgraded	6; 7	2
TL37	Complete the electrical and mechanical works to 2 new sand filters at the Plettenberg Bay Water Treatment Works by 30 June 2016	Project completed	2	1
TL38	Complete 258 top structures for the Qolweni housing project by 30 June 2016	Number of top structures completed	7	258
TL39	Complete 126 top structures for the Kwanokuthula housing project by 30 June 2016	Number of top structures completed	1	126
TL40	Spend 90% of the refuse removal maintenance budget by 30 June 2016 {(Actual expenditure on maintenance budget divided by the total approved maintenance budget)x100}	% of the refuse removal maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	90%
TL41	Purchase 4 portions of identified land (portion 20 of 437 / portion 2 of 437 / portion 25 of 473 / portion 306 of Wittedrift) by 30 June 2016	Number of portions of identified land purchased by 30 June 2016	1; 4	4
TL42	Upgrade the Kranshoek library by 30 June 2016	Project completed by 30 June 2016	7	1

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL45	Complete the land audit and submit to Council by 30 June 2016	Land audit completed and report submitted to Council by 30 June 2016	All	1

Table 171.: *To ensure efficient and affordable basic services to all residents of Bitou*

CHAPTER 4: INSTITUTIONAL PERFORMANCE

CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement
	2014/15
Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30/06/2015	1
Spent 0.1% of operational budget on training by 30/06/2015	0.1

Table 172.: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs 479 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
9	4	11	5	1	3	10	4

Table 173.: 2014/15 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
25	1	4%	6	15	250%	0	0	0%

Table 174.: 2014/15 EE targets/actual by gender classification

CHAPTER 4: INSTITUTIONAL PERFORMANCE

B) EMPLOYMENT EQUITY VS. POPULATION

Description	African	Coloured	Indian	White	Other	Total
Population numbers	22 239	15 344	249	8 307	3023	49 162
% Population	45.2%	31.2%	0.5%	17%	6.1%	100%
Number for positions filled	264	203	2	40	0	509
% for Positions filled	51.84	39.89	0.40	7.86	0	100%

Table 175.: EE population 2014/15

C) SPECIFIC OCCUPATIONAL LEVELS - RACE

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	2	0	2	1	0	0	0	6
Senior management	0	1	0	5	0	0	0	0	6
Professionally qualified and experienced specialists and mid- management	6	5	1	2	1	3	0	1	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	23	1	14	9	11	0	2	81
Semi-skilled and discretionary decision making	63	43	0	5	53	37	0	3	93
Unskilled and defined decision making	78	51	0	0	22	12	0	0	164
Total permanent	166	125	2	28	86	63	0	6	479
Non- permanent employees	6	8	0	3	5	7	0	3	30
Total	172	133	2	31	91	70	0	9	509

Table 176.: Occupational Levels

D) DEPARTMENTS - RACE

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	4	3	0	2	7	4	0	1	21
Corporate Services	4	8	0	-	5	9	0	2	28
Financial Services	14	13	0	4	18	13	0	2	64
Community Services	71	48	0	9	46	29	0	1	204
Municipal Services and Infrastructure Development	67	50	2	9	5	3	0	0	136
Planning & Strategic Services	6	3	0	4	5	5	0	0	23
Total permanent	166	125	2	28	86	63	0	6	479
Non- permanent	6	8	0	3	5	7	0	3	30

CHAPTER 4: INSTITUTIONAL PERFORMANCE

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Grand total	172	133	2	31	91	70	0	9	509

Table 177.: Department - Race

4.2.2 VACANCY RATE

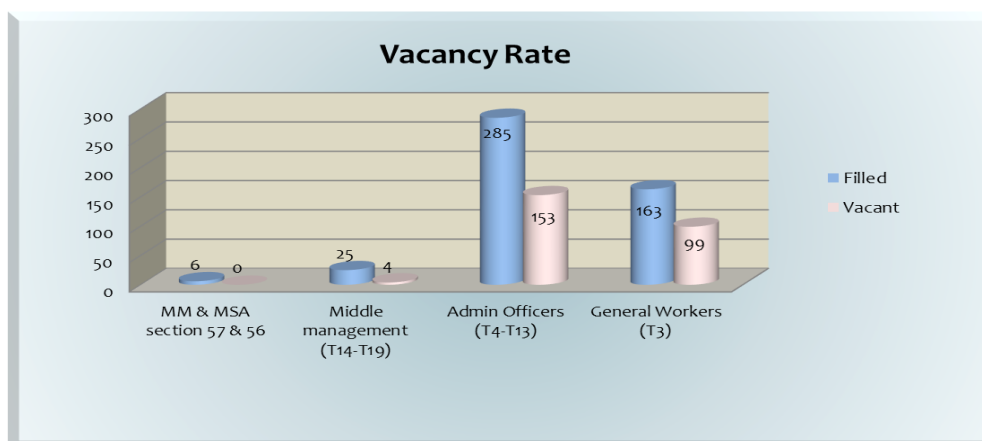
The Municipality had 765 positions approved for the 2014/15 financial year. 256 posts were vacant at the end of 2014/15, resulting in a vacancy rate of 33.46 per cent. During the 2013/14 financial year the municipality had 679 positions approved on the organogram and 475 of the 679 positions were funded during the 2013/14 financial year. A total number of 509 positions are filled of which 479 are permanently filled and 30 positions are filled temporarily. The graph below demonstrates how the staff complement has increased and how the vacancy rate has decreased in the past two financial years.

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	6	0
Middle management (T14-T19)	25	4
Admin Officers (T4-T13)	285	153
General Workers (T3)	163	99
Total	479	256
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	21	18
Corporate Services	38	25
Financial Services	67	29
Community Services	210	117
Municipal Services and Infrastructure Development	148	54
Planning & Strategic Services	25	13
Total	509	256

Table 178.: Vacancy rate per post and functional level

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Graph 7.: Vacancy rate per post and functional level

4.2.3 TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a decrease of 5.9% in 2013/14 to 3.5% in 2014/15.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2013/14	475	49	27	5.7%
2014/15	509	117	18	3.5%

Table 179.: Turnover Rate

4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

4.3.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows 29 employees (7%) for the 2013/14 financial year from 475 employees injured against 62 (12%) employees in the 2014/15 financial year from 509 employees.

The table below indicates the total number of injuries within the different directorates:

Directorates	2013/14	2014/15
Municipal Manager	1	0
Corporate Services	2	4

CHAPTER 4: INSTITUTIONAL PERFORMANCE

Directorates	2013/14	2014/15
Financial Services	4	4
Community Services	14 (9+5 EPWP)	36
Municipal Services and Infrastructure Development	12	18
Planning & Strategic Services	0	0
Total	33	62

Table 180.: Injuries

4.3.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2014/15 financial year shows an increase when comparing it with the 2013/14 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2013/14	2014/15
Municipal Manager	292	110
Corporate Services	240	194
Financial Services	335	387
Community Services	1 507	2 149.75
Municipal Services and Infrastructure Development	1 188	1 549
Planning & Strategic Services	143	178
Total	3 705	4 567.75

Table 181.: Sick Leave

4.3.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of Policy	Date approved/ revised
Recruitment & Selection Policy	27 June 2013 (Revised & Approved)
Employment Equity	27 March 2013 (Revised & Approved)
Dress Code Policy	27 June 2013 (Revised & Approved)
Employee Study Aid Policy	27 June 2013 (Approved)
Scarce Skills Policy	27 June 2013 (Approved)
Leave Policy	27 June 2013 (Revised & Approved)
Substance Abuse: Alcohol & Drug Policy & Procedure	27 June 2013 (Revised & Approved)
Placement Policy	27 June 2013 (Approved)

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Approved policies	
Name of Policy	Date approved/ revised
Cellular Policy	27 June 2013 (Revised & Approved)
Overtime Policy	26 September 2013 (Revised & Approved)
Sexual Harassment	26 March 2009 (Revised & Approved)
Uniform Protective Clothing Policy	27 March 2013 (Revised & Approved)
HIV/AIDS	26 March 2009
Training and Skills Development Policy	27 June 2013 (Approved)
Occupation Health and Safety Policy	27 March 2013 (Revised & Approved)
Subsistence and Traveling Allowance Policy (Reviewed)	October 2014 (Revised & Approved)
Policies still to be developed	
Name of policy	Proposed date of approval
Training & Skills Development Policy	2015/2016
Occupational Health and Safety Policy	2015/2016
Incentive Policy	2015/2016
Absenteeism and Ill Health Policy	2015/2016

Table 182.: HR policies and plans

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2014/15)	Number of Employees that received training (2014/15)
MM and S57	Female	0	0
	Male	4	2
Legislators, senior officials and managers	Female	10	7
	Male	17	13
Associate professionals and Technicians	Female	0	0
	Male	5	5
Professionals	Female	8	6
	Male	11	10
Clerks	Female	26	26
	Male	11	11

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Management level	Gender	Number of employees identified for training at start of the year (2014/15)	Number of Employees that received training (2014/15)
Service and sales workers	Female	6	6
	Male	30	28
Craft and related trade workers	Female	0	0
	Male	9	9
Plant and machine operators and assemblers	Female	0	0
	Male	21	15
Elementary occupations	Female	10	10
	Male	15	13
Sub total	Female	60	55
	Male	123	106
Total		183	161

Table 183.: Skills Matrix

4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0	0	0	0
	Male	4	4	2	5	6	9	66.67
Legislators, senior officials and managers	Female	6	8	5	6	11	13	84.62
	Male	8	16	10	11	18	27	66.67
Professionals	Female	5	7	5	5	10	12	83.33
	Male	6	11	10	12	16	23	69.57
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	6	11	15	19	21	30	70.00
Clerks	Female	3	5	11	16	14	21	66.67
	Male	0	0	7	9	7	9	77.78
Service and sales workers	Female	2	2	3	3	5	5	100.00
	Male	6	6	7	11	13	17	76.47
Craft and related trade workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0
	Male	0	0	11	16	11	16	68.75

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Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Elementary occupations	Female	5	7	0	0	5	7	71.43
	Male	18	21	21	23	39	44	88.64
Sub total	Female	21	29	24	30	45	59	77.59
	Male	48	69	83	106	131	175	74.86
Total		69	98	107	136	176	234	75.54

Table 184.: Skills Development

4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R1 717 000 were allocated to the workplace skills plan and that 57.83 % of the total amount was spent in the 2014/15 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2013/14	125 969	800	513	64.15
2014/15	144 806	1 717	993	57.83

Table 185.: Budget allocated and spent for skills development

4.4.4 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

CHAPTER 4: INSTITUTIONAL PERFORMANCE

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2013/14	125 969	406 046	31
2014/15	139 332	544 251	26

Table 186.: Personnel Expenditure

Below is a summary of Councillors and staff benefits for the year under review:

Financial year	2013/14		2014/15	
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'ooo			
Councillors (Political Office Bearers plus Other)				
Salary	3 262	3 257	3 257	3 719
Pension Contributions	129	150	165	150
Medical Aid Contributions	86	191	191	91
Motor vehicle allowance	550	797	797	455
Cell phone allowance	231	313	313	246
Housing allowance	440	325	325	286
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	4 700	5 032	5 047	4 947
% increase/(decrease)	-	7.06	0.30	(1.98)
Senior Managers of the Municipality				
Basic Salaries and Wages	5 910	7 172	6 472	8 222
Motor vehicle allowance	1 270	1 234	1 051	1 780
Cell phone allowance	65	77	102	121
Performance Bonus	0	0	0	0
Contributions to UIF, Medical and Pension Fund	510	601	635	809
In-kind benefits	199	818	875	79

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Financial year	2013/14		2014/15	
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Sub Total	7 952	9 902	9 134	11 011
% increase/(decrease)	-	24.52	(7.76)	20.55
Other Municipal Staff				
Basic Salaries and Wages	72 755	87 185	83 133	75 506
Contributions to UIF, Medical and Pension	18 896	23 636	23 379	21 130
Motor vehicle allowance	4 616	5 615	5 224	4 401
Housing allowance	1 363	700	513	594
Overtime	5 549	2 971	5 033	6 462
Performance Bonus	0	0	0	0
Other benefits or allowances	21 818	15 372	18 389	20 227
Sub Total	118 084	135 479	135 672	128 321
% increase/(decrease)	4.63			
Total Municipality	130 737	150 413	149 853	144 279
% increase/(decrease)	-	15.05	(0.37)	(3.72)

Table 187.: *Personnel Expenditure*

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2014/15 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2014/15 financial year:

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment s Budget
Financial Performance						
Property rates	95 015	110 314	303 932	102 203	(7.94)	(197.38)
Service charges	186 702	207 206	201 523	201 181	(2.99)	(0.17)
Investment revenue	7 006	6 124	6 622	10 059	39.12	34.17
Transfers recognised - operational	84 917	116 966	102 669	107 089	(9.22)	4.13
Other own revenue	55 287	54 372	80 644	75 211	27.71	(7.22)
Total Revenue (excluding capital transfers and contributions)	428 927	494 982	695 390	495 743	0.15	(40.27)
Employee costs	130 846	145 381	144 806	140 753	(3.29)	(2.88)
Remuneration of councilors	4 710	5 032	5 047	4 767	(5.58)	(5.89)
Depreciation & asset impairment	17 188	22 821	18 555	18 882	(20.86)	1.73
Finance charges	13 683	13 837	14 358	14 464	4.34	0.73
Materials and bulk purchases	79 191	79 354	79 354	87 913	9.74	9.74
Transfers and grants	1 948	2 240	3 720	3 043	26.39	(22.24)
Other expenditure	167 425	219 141	230 960	206 079	(6.34)	(12.07)
Total Expenditure	414 991	487 806	496 801	475 901	(2.50)	(4.39)
Surplus/(Deficit)	13 935	7 175	198 589	19 843	63.84	(900.82)
Transfers recognised - capital	49 960	27 214	39 710	33 864	19.64	(17.26)
Contributions recognised - capital & contributed assets	0	0	0	0	0.00	0.00
Surplus/(Deficit) after capital transfers & contributions	63 896	34 389	238 299	53 707	35.97	(343.70)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	43 859	25 228	35 833	30 722	17.88	(16.63)
Public contributions & donations	2 309	0	673	673	100.00	0.00

CHAPTER 5: FINANCIAL PERFORMANCE

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Borrowing	18 374	10 000	10 919	9 987	(0.13)	(9.34)
Internally generated funds	5 323	10 478	15 219	14 115	25.76	(7.83)
Total sources of capital funds	69 865	45 706	62 645	55 497	17.64	(12.88)
Financial position						
Total current assets	119 940	161 167	103 754	158 886	(1.44)	34.70
Total non-current assets	749 595	791 481	803 859	825 510	4.12	2.62
Total current liabilities	80 815	75 693	90 505	92 404	18.09	2.05
Total non-current liabilities	193 333	211 872	209 471	202 758	(4.50)	(3.31)
Community wealth/Equity	595 388	665 083	607 638	689 235	3.50	11.84
Cash flows						
Net cash from (used) operating	71 769	82 470	71 094	109 588	24.74	35.13
Net cash from (used) investing	(70 091)	(44 977)	(69 363)	(57 695)	22.04	(20.22)
Net cash from (used) financing	5 291	(3 531)	(2 240)	(2 442)	(44.60)	8.29
Cash/cash equivalents at the year end	6 969	33 963	(508)	49 451	31.32	101.03
Asset management						
Asset register summary (WDV)	744 657	786 163	788 746	825 491	4.76	4.45
Depreciation & asset impairment	30 791	22 821	18 555	30 791	25.89	39.74
Renewal of Existing Assets	30 100	4 893	11 516	11 355	56.91	(1.42)
Repairs and Maintenance	12 073	16 242	16 082	12 809	(26.80)	(25.55)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 188.: Financial Performance 2013/14

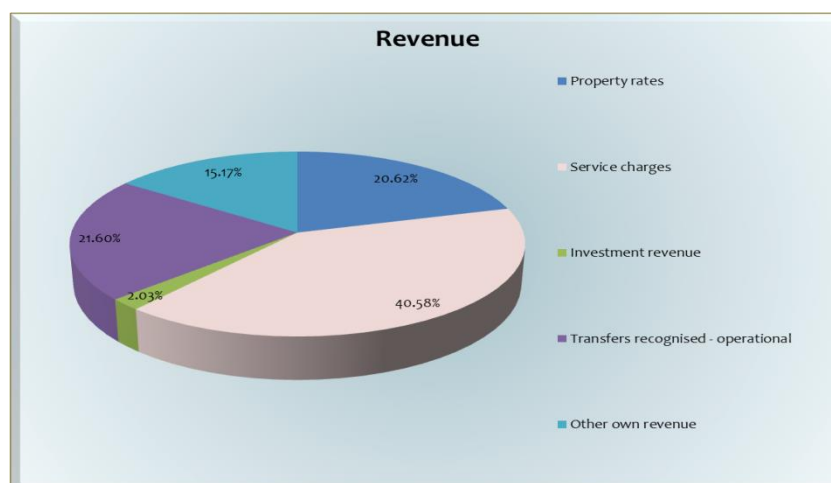
The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2013/14	456 348	478 887	22 539	5	405 305	414 991	(9 686)	(2)
2014/15	735 100	529 607	(205 492)	(28)	496 801	475 901	20 900	4

Table 189.: Performance against budgets

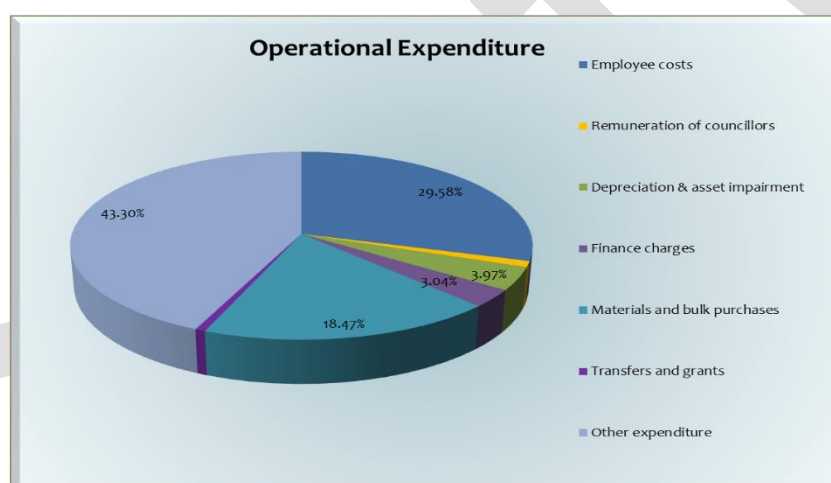
CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of revenue items in the municipal budget for 2014/15:



Graph 8.: **Revenue**

The following graph indicates the various types of expenditure items in the municipal budget for 2014/15:



Graph 9.: **Operating expenditure**

CHAPTER 5: FINANCIAL PERFORMANCE

5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by vote:

Vote Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Council	41 073	26 841	21 287	26 889	0.18	20.83
Office of the Municipal Manager	1 017	1 406	1 571	1 555	9.56	(1.08)
Community Services	129 438	131 553	147 166	138 672	5.13	(6.12)
Corporate Services	801	9	709	170	95.00	(317.18)
Strategic Services	3 356	10 726	11 319	11 876	9.69	4.69
Financial Services	98 018	116 212	112 208	115 089	(0.98)	2.50
Municipal Services and Infrastructure Development	205 183	235 449	239 316	235 356	(0.04)	(1.68)
Total Revenue by Vote	478 887	522 196	533 577	529 607	1.40	(0.75)

Table 190.: Revenue by Vote

5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	95 015	110 314	102 409	102 203	(7.94)	(0.20)
Property rates - penalties & collection charges	0	0	0	0	0.00	0.00
Service Charges - electricity revenue	99 100	105 787	105 807	104 870	(0.88)	(0.89)
Service Charges - water revenue	35 555	36 224	40 561	41 194	12.06	1.54
Service Charges - sanitation revenue	32 885	38 715	33 119	33 155	(16.77)	0.11
Service Charges - refuse revenue	19 162	26 479	22 036	21 962	(20.57)	(0.33)
Service Charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	1 347	1 322	1 321	1 508	12.33	12.45
Interest earned - external investments	3 365	2 639	3 911	6 147	57.06	36.38
Interest earned - outstanding debtors	3 641	3 485	2 711	3 912	10.91	30.70

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Dividends received	0	0	0	0	0.00	0.00
Fines	28 612	5 300	30 591	21 858	75.75	(39.95)
Licences and permits	54	74	44	49	(51.24)	10.49
Agency services	1 147	1 439	1 085	1 310	(9.84)	17.14
Transfers recognised - operational	84 917	116 966	102 669	107 089	(9.22)	4.13
Other revenue	24 126	46 237	47 604	50 487	8.42	5.71
Gains on disposal of PPE	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	428 927	494 982	493 866	495 743	0.15	0.38

Table 191.: Revenue by Source

5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2014/15 financial year:

Financial Performance of Operational Services						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water	(25 168)	(26 943)	(32 987)	(30 604)	11.96	(7.79)
Waste Water (Sanitation)	(35 273)	(24 817)	(22 328)	(18 895)	(31.34)	(18.17)
Electricity	(9 055)	(5 896)	(6 248)	(8 665)	31.95	27.89
Waste Management	(5 472)	(801)	4 731	9 857	108.12	52.01
Housing	(15 029)	2 369	(8 221)	(3 794)	162.44	(116.68)
Component A: sub-total	(89 998)	(56 087)	(65 053)	(52 100)	(7.65)	(24.86)
Roads and Stormwater	16 781	8 660	8 816	8 933	3.05	1.31
Transport	0	0	0	0	0.00	0.00
Component B: sub-total	16 781	8 660	8 816	8 933	3.05	1.31
Planning	18 561	10 148	6 873	4 486	(126.22)	(53.21)
Local Economic Development	2 898	894	1 097	1 143	21.79	3.98
Tourism	2 003	1 154	2 582	1 841	37.30	(40.22)
Component C: sub-total	23 462	12 196	10 552	7 470	(63.27)	(41.26)
Libraries	570	1 242	16	279	(345.10)	94.39

CHAPTER 5: FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Cemeteries	100	627	687	614	(2.08)	(11.84)
Component D: sub-total	670	1 870	703	894	(109.24)	21.35
Traffic Services	0	2 052	(5 306)	(3 790)	154.13	(40.00)
Law Enforcement	5 040	2 674	4 201	3 462	22.76	(21.35)
Component E: sub-total	5 040	2 674	4 201	3 462	22.76	(21.35)
Sport, arts and Recreations	270 723	38 228	38 507	204 390	81.30	81.16
Component F: sub-total	270 723	38 228	38 507	204 390	81.30	81.16
Financial Services	(72 296)	(66 047)	(64 815)	(71 582)	7.73	9.45
HR	3 416	7 523	6 932	6 221	(20.94)	(11.43)
ICT	9 711	7 027	7 079	5 663	(24.08)	(25.00)
Legal Services	1 776	2 521	3 741	2 314	(8.92)	(61.65)
Procurement Servies	2 428	3 455	3 138	3 537	2.32	11.28
Component G: sub-total	(72 296)	(66 047)	(64 815)	(71 582)	7.73	9.45
Fire Services and disaster management	3 048	3 634	3 967	3 860	5.86	(2.76)
Community facilities and Thusong Centres	13 295	9 190	9 350	8 352	(10.03)	(11.94)
Office of the MM	6 084	15 006	11 942	10 574	(41.91)	(12.94)
Administration	9 294	12 279	13 616	11 974	(2.55)	(13.72)
Council	(8 865)	(11 344)	(3 468)	(13 807)	17.84	74.89
Rest of Community Services	4 543	3 298	4 258	3 407	3.20	(25.00)
Rest of Strategic Services	1 952	1 709	905	418	(308.86)	(116.58)
Rest of MSID	141 125	24 461	30 716	111 855	78.13	72.54
Component H: sub-total	170 475	58 233	71 287	136 633	57.38	47.83
Total Expenditure	324 857	(273)	4 197	238 098	100.11	98.24

Table 192.: Operational Services Performance

CHAPTER 5: FINANCIAL PERFORMANCE

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 WATER SERVICES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	52 630	59 315	64 900	62 105	4.49
Expenditure					
Employees	9 293	8 654	8 524	8 142	(6.28)
Repairs and Maintenance	883	1 858	1 629	1 293	(43.66)
Other	17 286	21 861	21 760	22 066	0.93
Total Operational Expenditure	27 462	32 373	31 913	31 502	(2.76)
Net Operational (Service) Expenditure	25 168	26 943	32 987	30 604	11.96

Table 193.: Financial Performance: Water services

5.2.2 WASTE WATER (SANITATION)

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	47 770	46 176	43 416	40 984	(12.67)
Expenditure					
Employees	2 524	4 044	4 110	4 675	13.49
Repairs and Maintenance	1 094	2 280	2 300	1 664	(37.04)
Other	8 880	15 035	14 678	15 750	4.54
Total Operational Expenditure	12 498	21 359	21 088	22 089	3.30
Net Operational (Service) Expenditure	35 273	24 817	22 328	18 895	(31.34)

Table 194.: Financial Performance: Waste Water (Sanitation) services

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.3 ELECTRICITY

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	103 642	118 207	119 249	120 515	1.92
Expenditure					
Employees	8 765	9 375	10 397	10 099	7.17
Repairs and Maintenance	2 006	3 221	2 518	2 152	(49.68)
Other	83 816	99 715	100 086	99 599	(0.12)
Total Operational Expenditure	94 587	112 310	113 001	111 850	(0.41)
Net Operational (Service) Expenditure	9 055	5 896	6 248	8 665	31.95

Table 195.: Financial Performance: Electricity

5.2.4 WASTE MANAGEMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	25 208	31 183	27 364	26 247	(18.80)
Expenditure					
Employees	12 316	9 124	10 731	10 714	14.84
Repairs and Maintenance	1 153	1 406	716	786	(78.85)
Other	6 267	19 853	20 649	24 605	19.31
Total Operational Expenditure	19 736	30 382	32 095	36 105	15.85
Net Operational (Service) Expenditure	5 472	801	(4 731)	(9 857)	108.12

Table 196.: Financial Performance: Waste Management

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5.2.5 HOUSING

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	65 274	66 023	60 213	63 372	(4.18)
Expenditure					
Employees	5 007	3 790	4 221	4 388	13.62
Repairs and Maintenance	230	275	186	188	(46.53)
Other	45 007	64 326	47 585	55 002	(16.95)
Total Operational Expenditure	50 245	68 392	51 993	59 578	(14.79)
Net Operational (Service) Expenditure	15 029	(2 369)	8 221	3 794	162.44

Table 197.: Financial Performance: Housing

5.2.6 ROADS AND STORMWATER

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	1 140	9 457	9 457	9 457	0.00
Expenditure					
Employees	5 911	5 659	5 122	4 636	(22.04)
Repairs and Maintenance	3 124	2 302	2 282	1 952	(17.92)
Other	8 886	10 157	10 869	11 801	13.93
Total Operational Expenditure	17 921	18 118	18 273	18 390	1.48
Net Operational (Service) Expenditure	(16 781)	(8 660)	(8 816)	(8 933)	3.05

Table 198.: Financial Performance: Roads and Stormwater

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.7 LED

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	966	1 211	1 107	12.79
Expenditure					
Employees	2 630	1 539	1 732	1 829	15.83
Repairs and Maintenance	0	0	0	0	0.00
Other	268	320	576	421	24.04
Total Operational Expenditure	2 898	1 859	2 308	2 250	17.36
Net Operational (Service) Expenditure	(2 898)	(894)	(1 097)	(1 143)	21.79

Table 199.: Financial Performance: LED

5.2.8 PLANNING AND DEVELOPMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	3 121	6 159	6 723	7 361	16.33
Expenditure					
Employees	6 741	9 002	7 352	7 439	(21.00)
Repairs and Maintenance	1 077	1 188	1 188	835	(42.21)
Other	13 864	6 116	5 056	3 571	(71.26)
Total Operational Expenditure	21 682	16 306	13 596	11 846	(37.65)
Net Operational (Service) Expenditure	(18 561)	(10 148)	(6 873)	(4 486)	(126.22)

Table 200.: Financial Performance: Planning and Development

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5.2.9 LIBRARIES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	5 868	8 905	8 905	7 118	(25.10)
Expenditure					
Employees	4 680	6 725	6 250	5 002	(34.43)
Repairs and Maintenance	151	209	223	153	(36.50)
Other	1 607	3 213	2 447	2 241	(43.36)
Total Operational Expenditure	6 438	10 147	8 920	7 397	(37.18)
Net Operational (Service) Expenditure	(570)	(1 242)	(16)	(279)	(345.10)

Table 201.: Financial Performance: Libraries

5.2.10 TRAFFIC SERVICES AND LAW ENFORCEMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	11 848	36 785	28 256	58.07
Expenditure					
Employees	4 288	11 295	12 485	12 269	7.94
Repairs and Maintenance	48	447	541	368	(21.66)
Other	704	4 831	22 654	15 291	68.41
Total Operational Expenditure	5 040	16 573	35 679	27 927	40.66
Net Operational (Service) Expenditure	(5 040)	(4 725)	1 106	329	1537.19

Table 202.: Financial Performance: Traffic Services and Law Enforcement

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5.2.11 FIRE SERVICES AND DISASTER MANAGEMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	29 839	4 046	3 952	3 952	(2.38)
Expenditure					
Employees	11 628	5 651	5 832	6 250	9.57
Repairs and Maintenance	508	412	462	407	(1.26)
Other	20 751	1 616	1 624	1 155	(39.90)
Total Operational Expenditure	32 887	7 679	7 919	7 812	1.69
Net Operational (Service) Expenditure	(3 048)	(3 634)	(3 967)	(3 860)	5.86

Table 203.: Financial Performance: Fire Services and Disaster Management

5.2.12 SPORT, PARKS AND RECREATION

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	468	468	468	0.00
Expenditure					
Employees	0	900	1 271	1 023	11.99
Repairs and Maintenance	0	0	0	0	0.00
Other	0	0	0	2	100
Total Operational Expenditure	0	900	1 271	1 025	12.16
Net Operational (Service) Expenditure	0	(433)	(804)	(557)	22.36

Table 204.: Financial Performance: Sport, Parks and Recreation

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5.2.13 COMMUNITY FACILITIES AND THUSONG CENTRES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	3 217	8 656	9 054	8 853	2.22
Expenditure					
Employees	11 481	12 922	13 733	12 597	(2.58)
Repairs and Maintenance	1 766	1 435	1 806	1 703	15.74
Other	3 264	3 489	2 865	2 905	(20.09)
Total Operational Expenditure	16 512	17 846	18 404	17 205	(3.72)
Net Operational (Service) Expenditure	(13 295)	(9 190)	(9 350)	(8 352)	(10.03)

Table 205.: Financial Performance: Community Facilities and Thusong Centres

5.2.14 OFFICE OF THE MM

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	1 017	1 406	1 571	1 555	9.56
Expenditure					
Employees	5 147	12 544	9 320	8 596	(45.92)
Repairs and Maintenance	0	0	0	0	0.00
Other	1 955	3 868	4 193	3 533	(9.51)
Total Operational Expenditure	7 101	16 412	13 514	12 129	(35.31)
Net Operational (Service) Expenditure	(6 084)	(15 006)	(11 942)	(10 574)	(41.91)

Table 206.: Financial Performance: Office of the MM (Including Internal Auditing)

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5.2.15 ADMINISTRATION

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	8	9	2	2	(392.43)
Expenditure					
Employees	7 332	6 373	7 113	6 829	6.68
Repairs and Maintenance	5	27	54	29	6.68
Other	1 964	5 888	6 450	5 117	(15.05)
Total Operational Expenditure	9 302	12 288	13 618	11 975	(2.61)
Net Operational (Service) Expenditure	(9 294)	(12 279)	(13 616)	(11 974)	(2.55)

Table 207.: Financial Performance: Administration

5.2.16 HUMAN RESOURCES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	793	0	707	168	100.00
Expenditure					
Employees	2 558	3 153	3 455	3 702	14.84
Repairs and Maintenance	18	16	31	(3)	716.31
Other	1 634	4 354	4 152	2 689	(61.92)
Total Operational Expenditure	4 209	7 523	7 639	6 389	(17.75)
Net Operational (Service) Expenditure	(3 416)	(7 523)	(6 932)	(6 221)	(20.94)

Table 208.: Financial Performance: Human Resources

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5.2.17 FINANCIAL SERVICES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	97 887	116 125	111 887	115 022	(0.96)
Expenditure					
Employees	14 321	16 448	15 368	15 173	(8.40)
Repairs and Maintenance	9	13	243	222	94.35
Other	11 260	33 617	31 461	28 045	(19.87)
Total Operational Expenditure	25 590	50 078	47 072	43 439	(15.28)
Net Operational (Service) Expenditure	72 296	66 047	64 815	71 582	7.73

Table 209.: Financial Performance: Financial Services

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
National Government:	49 362	71 615	73 316	71 927	0.43	(1.93)
Equitable share	29 614	40 946	40 946	40 946	0.00	0.00
Municipal Systems Improvement	890	934	934	946	1.29	1.29
NT Other (ACIP)	1 104	3 000	3 000	3 000	0.00	0.00
Grant: NEP	0	5 000	5 000	5 000	0.00	0.00
Emergency Funding NDMC	329	0	1 701	0	0.00	0.00
Expanded Public Works Programme	1 000	1 371	1 371	1 671	17.95	17.95
Electricity Demand Side Grant	280	0	0	0	0.00	0.00
MIG - Project Management Unit	14 845	18 914	18 914	18 914	0.00	0.00
Finance Management Grant	1 300	1 450	1 450	1 450	0.00	0.00
Provincial Government:	72 963	72 565	68 356	89 838	19.23	23.91
Housing	65 294	63 324	57 501	79 369	20.22	27.55
Proclaimed roads	1 140	100	100	100	0.00	0.00

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Grant Performance						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Community Development Workers Operating Grant	33	35	50	35	(0.07)	(44.22)
Library Grant	525	2 307	2 307	2 307	0.00	0.00
Municipal Replacement Funding	5 204	6 578	6 578	6 578	0.00	0.00
Provincial Management	550	0	1 599	1 449	100.00	(10.35)
Thusong Services Centre Grant	218	221	221	0	0.00	0.00
Other grant providers:	0	0	1 626	209	100.00	(678.58)
Seta	0	0	707	209	0.00	(238.54)
Social Responsibility	0	0	246	0	0.00	0.00
Upgrade Kwano Sportfield(Lotto Funding)	0	0	673	0	0.00	0.00
Total Capital Transfers and Grants	122 325	144 180	143 298	161 974	10.99	11.53

Table 210.: Grant Performance for 2014/15

5.3.2 CONDITIONAL GRANTS (EXCLUDING MIG)

Conditional Grants: excluding MIG						
R'000						
Details	2013/14	Budget	Adjusted Budget	Actual	% Variance	
	Audited Actual				Budget	Adjusted Budget
Financial Management Grant (FMG)	1 300	1 450	1 450	1 450	0.00	0.00
Municipal Systems Improvement Grant	890	934	934	946	1.29	1.29
Municipal Infrastructure Grant (MIG)	14 845	18 914	18 914	18 914	0.00	0.00
Integrated National Electrification Programme	0	5 000	5 000	5 000	0.00	0.00
Expanded Public Works Program(EPWP)	1 000	1 371	1 371	1 671	17.95	17.95
Library Grant	525	2 307	2 307	2 307	0.00	0.00
Proclaimed Roads	1 140	100	100	100	0.00	0.00
Community Development Worker's Operational grant	33	35	50	35	(0.07)	(44.22)
Housing Grant	65 294	63 324	57 501	79 369	20.22	27.55
Municipal Replacement Funding	5 204	6 578	6 578	6 578	0.00	0.00
Thusong Grant	218	221	221	0	0.00	0.00
Provincial Management	550	0	1 599	1 449	100.00	(10.35)

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Conditional Grants: excluding MIG						
R'000						
Details	2013/14	Budget	Adjusted Budget	Actual	% Variance	
	Audited Actual				Budget	Adjusted Budget
Emergency Funding NDMC.	329	0	1 701	0	0.00	0.00
NT Other (ACIP)	1 104	3 000	3 000	3 000	0.00	0.00
Social Responsibility	0	0	246	0	0.00	0.00
Upgrade Kwano Sportfield(Lotto Funding)	0	0	673	0	0.00	0.00
Equitable share	29 614	40 946	40 946	40 946	0.00	0.00
LG Seta	0	0	707	209	100.00	(238.54)
Electricity Demand Side Grant	280	0	0	0	0.00	0.00
Total	122 325	144 180	143 298	161 974	10.99	11.53

Table 211.: Conditional Grant (excl. MIG)

5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	
2013/14	122 587	478 887	25.60
2014/15	161 974	529 607	30.58

Table 212.: Reliance on grants

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



Graph 10.: Reliance on grants

5.4 ASSET MANAGEMENT

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The objectives of the Asset Management within the Bitou Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the municipality's assets through:

- proper recording of assets from authorisation to acquisition and to subsequent disposal;
- providing for safeguarding procedures,
- setting proper guidelines as to authorised utilisation;and
- prescribing for proper maintenance.

The key elements of the Asset Management Policy represent:

- Statutory and Regulatory Framework / Responsibilities and Accountabilities
- Financial Management / Internal Controls / Management of Control Items
- Management and Operation Of Assets / Classification & Components
- Accounting for Assets / Financial Disclosure

The Asset Management Section consists of three staff members and forms part of the Expenditure & Asset Management Division within the Finance Directorate.

The costing module on the SAMRAS Management Information System is utilized to cost all new asset components up to completion there-of. This approach was deployed over the past year with great success.

Regular Asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding Asset Register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place. Management envisages that the Asset Register will be hosted on software specifically developed for this purpose (currently on Excel) and more to full adherence to GRAP requirements.

5.4.1 REPAIRS AND MAINTENANCE

Description	2013/14	2014/15			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	12 073	16 242	16 082	12 809	(20.35)

Table 213.: Repairs & Maintenance Expenditure

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

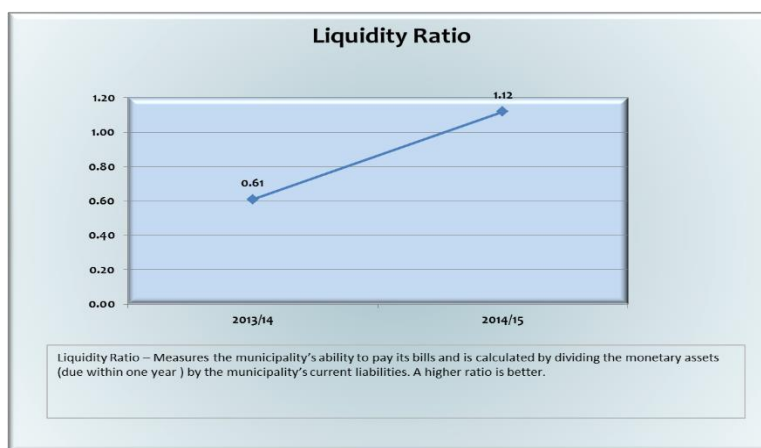
5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	1.48	1.72

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Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.74	1.04
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	0.61	1.12

Table 214.: Liquidity Financial Ratio



Graph 11.: Liquidity Financial Ratio

5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.56	2.62
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.34	0.33
Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	14.80	33.00

Table 215.: Financial Viability National KPAs

5.5.3 BORROWING MANAGEMENT

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.13%	7.08%

Table 216.: Borrowing Management

5.5.4 EMPLOYEE COSTS

Description	Basis of calculation	2013/14	2014/15
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		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.82%	27.14%

Table 217.:

Employee Costs

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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2013/14	2014/15			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2014/15	2015/16	2016/17
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	30 142	37 300	44 708	40 736	44 708	55 404	56 252
Infrastructure: Road transport - Total	4 288	0	4 504	2 498	4 504	8 149	8 076
Roads, Pavements & Bridges	4 288	0	4 504	2 498	4 504	8 149	8 076
Infrastructure: Electricity - Total	151	11 160	11 461	11 663	11 461	18 202	25 086
Transmission & Reticulation	151	11 160	11 461	11 663	11 461	16 572	23 189
Street Lighting	0	0	0	0	0	1 631	1 897
Infrastructure: Water - Total	5 863	5 719	7 608	6 118	7 608	11 215	14 076
Reticulation	5 863	5 719	7 608	6 118	7 608	11 215	14 076
Infrastructure: Sanitation - Total	373	3 632	4 887	4 208	4 887	8 261	9 013
Reticulation	373	3 632	4 887	4 208	4 887	8 261	9 013
Infrastructure: Other - Total	19 467	16 790	16 248	16 248	16 248	9 576	0
Waste Management	878	8 509	8 508	8 508	8 508	9 576	0
Transportation	0	8 281	7 739	7 739	7 739	0	0
Other	18 589	0	0	0	0	0	0
Community - Total	907	600	782	189	782	1 831	1 170
Libraries	0	600	662	189	662	750	500
Recreational facilities	28	0	0	0	0	0	0
Security and policing	78	0	120	0	120	550	670
Other	802	0	0	0	0	531	0
Capital expenditure by Asset Class	8 395	2 913	5 637	3 218	5 637	21 222	6 591
Other assets	8 395	2 913	5 637	3 218	5 637	21 222	6 591
General vehicles	2 007	0	0	0	0	6 000	500
Specialised vehicles	2 564	0	0	0	0	1 269	0
Plant & equipment	270	550	1 069	852	1 069	1 410	320
Computers - hardware/equipment	307	643	786	675	786	1 089	0
Furniture and other office equipment	1 712	705	981	857	981	1 525	60
Other Land	1 535	1 000	2 235	549	2 235	9 805	5 711
Intangibles	0	15	566	285	566	124	0

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2013/14	2014/15			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2014/15	2015/16	2016/17
Computers - software & programming	0	15	566	285	566	124	0
Total Capital Expenditure on new assets	39 445	40 813	51 128	44 142	51 128	78 457	64 013
Specialised vehicles	2 564	0	0	0	0	1 269	0
Refuse	2 564	0	0	0	0	1 269	0

Table 218.: Analysis of Capital and Operating Expenditure

5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2013/14 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjust-ment Budget	Actual	Adjust-ment to OB Variance	Actual to OB Variance
External loans	18 374	10 000	10 919	9 987	9.19	(9.32)
Public contributions and donations	2 309	0	673	673	0.00	0.00
Grants and subsidies	43 859	25 228	35 833	30 722	42.04	(20.26)
Own funding	5 323	10 478	15 219	14 115	45.25	(10.54)
Total	69 865	45 706	62 645	55 497	37.06	(15.64)
Percentage of finance						
External loans	26	22	17	18	(20.33)	2.58
Public contributions and donations	3	0	1	1	0.00	0.00
Grants and subsidies	63	55	57	55	3.63	(3.34)
Own funding	8	23	24	25	5.97	4.97
Capital expenditure						
Water and sanitation	25 545	10 350	16 127	13 981	55.82	(20.73)
Electricity	2 239	13 905	15 065	15 036	8.34	(0.21)
Housing	0	0	0	0	0.00	0.00
Roads and stormwater	6 248	233	4 876	2 877	1 995.99	(859.28)
Other	35 513	21 218	26 577	23 604	25.25	(14.01)
Total	69 544	45 706	62 645	55 497	37.06	(15.64)
Percentage of expenditure						
Water and sanitation	37	23	26	25	13.68	(2.43)
Electricity	3	30	24	27	(20.95)	10.01

CHAPTER 5: FINANCIAL PERFORMANCE

Capital Expenditure: Funding Sources						
R'000						
Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjust-ment Budget	Actual	Adjust-ment to OB Variance	Actual to OB Variance
Housing	0	0	0	0	0.00	0.00
Roads and stormwater	9	1	8	5	1429.25	(510.73)
Other	51	46	42	43	(8.61)	0.23

Table 219.: Capital expenditure by Asset Program

5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2014/15

Name of Project*	2014/15			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Qolweni Taxi Route	8 281 329	7 739 307	7 739 307	(7.00)	0.00
Waste Transfer Station	8 508 772	8 508 358	8 508 358	0.00	0.00
Supply to Kwano & Surrounds	4 568 507	4 568 770	4 568 770	0.01	0.00
1st Phase Dedicated Cable	3 760 000	3 760 000	3 827 805	1.77	1.77
Housing Services Qolweni/Bossiesgif	0	3 387 344	3 219 191	100.00	(5.22)

Projects with the highest capital expenditure in 2014/15

Table 220.: Capital Expenditure on the 5 Largest Projects

Name of Project	Qolweni Taxi Route
Objective of Project	Provision of public transport route
Delays	Abnormal weather, labour strikes (protected and unprotected), delivery of materials, contractors cash flow, relocation of beneficiaries
Future Challenges	Remedial work to defective and substandard works
Anticipated citizen benefits	Access to public transport for over 433 households

Table 221.: Summary of Qolweni Taxi Route

Name of Project	Waste Transfer Station (Civil Works)
Objective of Project	Provision of an integrated waste management facility to receive, compact and transport solid waste from Bitou To Mossel Bay
Delays	Abnormal weather, delivery of materials
Future Challenges	Appointment of operator, security for site, completion of composting facility
Anticipated citizen benefits	Closure of landfill site, ±16 644 households to benefit from solid waste removal

Table 222.: Summary of Waste Transfer Station (Civil Works)

Name of Project	Supply to Kwano & Surrounds: Plettenberg Bay Water Treatment Works: Civil Engineering Construction of two rapid gravity filters and associate works
Objective of Project	Upgrading of potable water supply to the communities of Kwanokuthula, New Horizons, Qolweni/Bossiesgif, Pinetree

CHAPTER 5: FINANCIAL PERFORMANCE

Delays	None
Future Challenges	Construction of new pump station
Anticipated citizen benefits	±8 415 households to benefit from improved water supply

Table 223.: Summary of Supply to Kwano & Surrounds

Name of Project	1st Phase Dedicated Cable
Objective of Project	Provision of stable electricity supply to Plettenberg Bay central region
Delays	None
Future Challenges	None
Anticipated citizen benefits	±200 households provided with improved supply

Table 224.: Summary of 1st Phase Dedicated Cable

Name of Project	Housing Services Qolweni/Bossiesgif
Objective of Project	Upgrading of informal settlement of Qolweni/Bossiesgif through the provision of civil engineering services (roads, storm water, water and sanitation)
Delays	Abnormal weather, labour strikes (protected and unprotected), delivery of materials, contractors cash flow, relocation of beneficiaries
Future Challenges	Remedial work to defective and substandard works
Anticipated citizen benefits	±433 households provided with new serviced sites

Table 225.: Summary of Housing Services Qolweni/Bossiesgif

5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

5.9.1 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15 on Service backlogs					
R' 000					
Details	Original Budget	Adjust-ments Budget	Actual	% Variance	
				Original Budget	Adjust-ments Budget
Infrastructure - Water	4 568 770	5 110 769	5 110 769	10.61	0.00
Water purification:	4 568 770	5 110 769	5 110 769	10.61	0.00
Infrastructure - Refuse removal	3 508 772	3 508 772	3 508 358	(0.01)	(0.01)
Waste transfer station	3 508 772	3 508 772	3 508 358	(0.01)	(0.01)
Infrastructure -Roads	8 513 951	7 972 099	7 972 099	(6.80)	0.00
Storm Water	232 622	232 792	232 792	0.07	0.00
Roads	8 281 329	7 739 307	7 739 307	(7.00)	0.00
Total	16 591 493	16 591 640	16 591 228	0.00	0.00
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					

Table 226.: Municipal Infrastructure Grant (MIG)

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.10 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	278 853	317 896	332 522	322 683
Government - operating	86 613	116 966	98 634	109 935
Government - capital	35 712	27 214	49 612	52 039
Interest	7 006	2 600	6 410	10 059
Dividends	0	0	0	0
Payments				
Suppliers and employees	(320 295)	(365 668)	(398 225)	(360 908)
Finance charges	(13 683)	(13 837)	(14 358)	(21 177)
Transfers and Grants	(2 438)	(2 700)	(3 500)	(3 043)
Net cash from/(used) operating activities	71 769	82 470	71 094	109 588
Cash flows from investing activities				
Receipts				
Decrease (Increase) in non-current debtors	309	0	246	73
Decrease (increase) other non-current receivables	76	0	0	77
Decrease (increase) in non-current investments	(302)	(350)	(350)	(302)
Payments				
Capital assets	(69 865)	(44 627)	(69 013)	(57 470)
Net cash from/(used) investing activities	(69 782)	(44 977)	(69 117)	(57 622)
Cash flows from financing activities				
Receipts				
Borrowing long term/refinancing	16 720	10 000	10 000	10 000
Payments				
Repayment of borrowing	(11 738)	(13 531)	(12 485)	(12 515)
Net cash from/(used) financing activities	4 982	(3 531)	(2 485)	(2 515)
Net increase/ (decrease) in cash held	6 969	33 963	(508)	49 451
Cash/cash equivalents at the year begin:	42 208	76 924	49 177	49 177
Cash/cash equivalents at the year-end:	49 177	110 887	48 669	98 628

CHAPTER 5: FINANCIAL PERFORMANCE

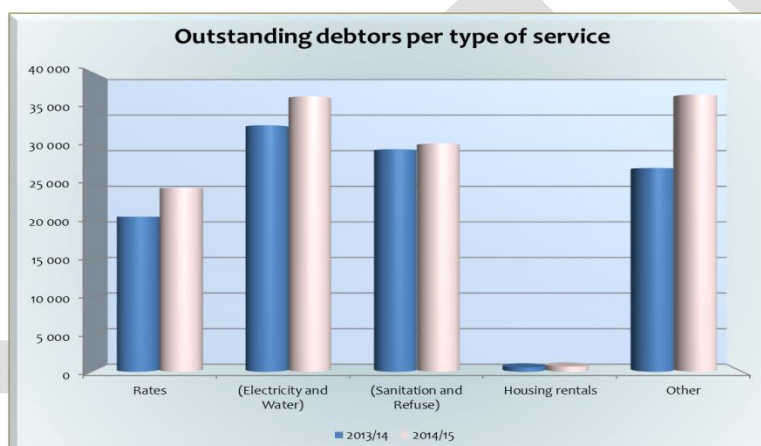
Table 227.: *Cashflow*

5.11 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2013/14	20 686	32 886	29 695	579	27 191	111 036
2014/15	24 540	36 753	30 446	695	36 999	129 433
Difference	3 854	3 867	752	116	9 808	18 397
% growth year on year	19	12	3	20	36	17

Table 228.: *Gross outstanding debtors per service*

The following graph indicates the total outstanding debt per type of service for 2014/15:



Graph 12.: *Debt per type of service*

CHAPTER 5: FINANCIAL PERFORMANCE

5.12 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2012/13	22 433	3 900	2 305	82 398	111 036
2013/14	4 036	23 242	4 377	97 778	129 433
Difference	(18 397)	19 342	2 072	15 379	18 397
% growth year on year	(82)	496	90	19	17
Note: Figures exclude provision for bad debt.					

Table 229.: Service debtor age analysis

5.13 BORROWING AND INVESTMENTS

5.13.1 ACTUAL BORROWINGS

Actual Borrowings		
R' 000		
Instrument	2013/14	2014/15
Long-Term Loans (annuity/reducing balance)	132 227	130 033
Financial Leases	530	210
Total	132 757	130 243

Table 230.: Actual Borrowings

5.13.2 MUNICIPAL INVESTMENTS

Actual Investments		
R'000		
Investment type	2013/14	2014/15
	Actual	
Deposits - Bank	30 645	82 043
Total	30 645	82 043

Table 231.: Municipal Investments

CHAPTER 6: AUDITOR-GENERAL FINDINGS

CHAPTER 6

AUDITED OUTCOMES

Year	2011/12	2012/13	2013/2014	2014/15
Status	Unqualified	Unqualified	Unqualified	Unqualified

Table 232.: Audit outcomes

COMPONENT A: AUDITOR-GENERAL OPINION 2013/14

6.1 AUDITOR GENERAL REPORT 2013/14

The following table provides the details on the audit outcomes for the past two financial years with the correctives steps implemented:

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material Losses	
The municipality suffered electricity losses of 17.90% or 18 980 957 kilowatt hours with a value of R14 425 527 during the year under review.	A loss control officer has been appointed to investigate and employ corrective measures on an ongoing basis. The finance and engineering department is addressing the matter as a priority, a full and complete meter audit will be engaged with during the course of the financial year.
Material impairment	
Material impairments of R28 166 537 (56.2% of total debtors) were reported by the municipality, as a result of the impairment of irrecoverable trade receivables.	The material impairment was a result of the implementation of an accounting standard, I-Grap 1 where revenue from traffic fines had to be recognized when fines were issued and impairment needed to be done on the unpaid portion of the fines. The 2014/2015 budget will be adjusted to prevent a similar occurrence.

Table 233.: 2013/14 Detail on Audit Outcomes

COMPONENT B: AUDITOR-GENERAL OPINION 2014/15

6.2 AUDITOR GENERAL REPORT 2014/15

2014/15	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material Losses	
Material impairments of R24 404 123 (18.85% of total debtors) were reported by the municipality, as a result of the impairment of irrecoverable trade receivables.	The impairment refers to the receivables in respect of traffic fines issued. Although all possible steps are taken to collect the fines, the sheer number makes it impossible to collect all fines issued by other means than issuing of notices by mail. Council will during the course of the 2015/2016 financial year consider its position with regards to the possible write off of long outstanding fines revenue.
Material impairment	
The municipality has underspent the capital budget by 11.4% amounting to R7 147 044. The underspending was due to housing	The main reasons for the underspending were a delay in environmental approval as well as under-performance of a contractor with the installation of infrastructure, the matters

CHAPTER 6: AUDITOR-GENERAL FINDINGS

2014/15	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
land that could not be finalised and the delayed progress in the drivers and testing centre.	have been remedied and all effort is underway to ensure full spending of the rollover amounts as well as the new capital allocation.

Table 234.: 2014/15 Detail on Audit Outcomes

ABBREVIATIONS

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury

ABBREVIATIONS

SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

Draft

**ANNEXURE A: AUDITED
FINANCIAL STATEMENTS
2014-15**

BITOU

MUNICIPALITY



Audited

FINANCIAL STATEMENTS

30 JUNE 2015

BITOU LOCAL MUNICIPALITY

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BITOU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Bitou Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

This in effect means that the municipality provide services like water, electricity, sewerage and sanitation to the community. Bitou Municipality also serves as an agent to Provincial Government in providing Housing to the community.

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bitou Municipality includes the following areas:

*Plettenberg Bay
Natures Valley
Wittedrift
Keurbooms
Kranshoek
Harkerville
Kwanokuthula*

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	<i>Councillor M. Booysen</i>
Deputy Executive Mayor	<i>Councillor R. Koeberg</i>
Speaker	<i>Councillor A.R. Olivier</i>
Mayoral Committee Member	<i>Councillor N.M. de Waal</i>
Mayoral Committee Member	<i>Councillor E.E. Paulse</i>

ORDINARY COUNCILLORS

Councillor	<i>Councillor W.R. Craig</i>
Councillor	<i>Councillor N. Ndayi</i>
Councillor	<i>Councillor M. M. Mbali</i>
Councillor	<i>Councillor H. Plaatjies</i>
Councillor	<i>Councillor L. M. Seyisi</i>
Councillor	<i>Councillor S. Farrow</i>
Councillor	<i>Councillor S. E. Gcabayi</i>
Councillor	<i>Councillor S.Besana</i>

MUNICIPAL MANAGER

Mr A.A. Paulse

CHIEF FINANCIAL OFFICER

Mr F. M. Lötter

REGISTERED OFFICE

Sewell Street, Plettenberg Bay, 6600

Private Bag X 1002. Plettenberg Bay, 6600

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

Nedbank, Plettenberg Bay

ATTORNEYS

Mosdall, Pama & Cox

Nandi Bulabula

Hutchinson

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

2014 / 2015

MEMBERS OF THE BITOU LOCAL MUNICIPALITY

WARD

COUNCILLOR

- | | |
|--|-------------------------------|
| 1 Wittedrif/Kurland/Natures Valley/Keurbooms/Cowie/Uplands | <i>Councillor N M de Waal</i> |
| 2 Plettenberg Bay South & North | <i>Councillor W R Craig</i> |
| 3 Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons | <i>Councillor L M Seyisi</i> |
| 4 Portion of New Horizons/Portion of KwaNokuthula | <i>Councillor H Plaatjies</i> |
| 5 Kwanokuthula | <i>Councillor M M Mbali</i> |
| 6 Kwanokuthula | <i>Councillor S E Gcabayi</i> |
| 7 Kranshoek/Harkerville/portion of KwaNokuthula | <i>Councillor A R Olivier</i> |

PROPORTIONAL

Councillor S Besana
Councillor E Paulse
Councillor S Farrow
Councillor M Booysen
Councillor R Koeberg
Councillor N Ndayi

APPROVAL OF FINANCIAL STATEMENTS

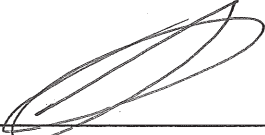
I am responsible for the preparation of these annual financial statements for the year ended 30 June 2015, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year ended at 30 June 2015 and is satisfied that the Municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr A.A. Paulse
Municipal Manager

31 Augustus 2015

Date

BITOU LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of BITOU LOCAL MUNICIPALITY for the fiscal year 2014/2015

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community. Further more I have to the best of my knowledge endeavour to assist the Municipal Manager to maintain and exercise his duties as accounting officer as set out in sec 64 (3) of the MFMA which were to ensure : the resources of the municipality are used effectively, efficiently and economically; that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

that the municipality has and maintains effective, efficient and transparent systems-

(i) of financial and risk management and internal control; and

(ii) of internal audit operating in accordance with any prescribed norms and standards;

that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented;

that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of

financial misconduct : and that the municipality has and implements-

(i) a tariff policy referred to in section 74 of the Municipal Systems Act;

(ii) a rates policy as may be required in terms of any applicable national legislation;

(iii) a credit control and debt collection policy

(iv) a supply chain management policy in accordance with Chapter II of the Municipal Systems Act; and is responsible for and must account for all bank accounts

I also endeavoured to apply the prescriptions in terms of sections 63,64 and 65 of the MFMA for Assets, Revenue and Expenditure management within the limitations of my available support and personnel.

2. KEY FINANCIAL INDICATORS

The prevailing downturn in the global, national and local economy continue to influence al levels of municipal service delivery, but within the economic constraints we have achieved a good balance between our set objectives and our available financial resources and simultaneously improved our cash flow position.

The challenge is now to achieve more with our existing resources and to increase our productivity levels to secure excellent world class affordable services to our community.

The following financial results are extracts of the financial performance of the past financial year

Financial Statement Ratios:

INDICATOR	30 June 2015	30 June 2014
Surplus / (Deficit) for the year before Appropriations	53,676,883	64,338,479
Accumulated Surplus / (Deficit) at the end of the Year	664,204,653	628,027,770
<u>Expenditure Categories as a percentage of Total Expenses:</u>		
Employee related costs	30.75%	31.90%
Remuneration of Councillors	1.09%	1.15%
Debt Impairment	5.60%	6.86%
Collection Cost	0.14%	0.21%
Depreciation and Amortisation	4.33%	3.95%
Inventory Impairments	0.74%	0.78%
Repairs and Maintenance	2.86%	2.98%
Actuarial losses	0.02%	0.90%
Finance Charges	4.86%	4.70%
Bulk Purchases	19.38%	18.60%
Contracted services	5.03%	3.46%
General Expenses	24.49%	21.51%
Current Ratio:		
Creditors Days	58.87	71.90
Debtors Days	56.72	60.19

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REPORT OF THE CHIEF FINANCIAL OFFICER

An indicator to comment on is the expenditure on repairs and maintenance. In recent years the expenditure were far below the benchmark norm of 8% of the total value of the assets. Reduced spending in the short term on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services. The percentage spent on repairs and maintenance do not include labour as a cost component and a significant change to the ratio would be evident once this is done. We do however have to improve on this in the future to ensure that service delivery standards are adequately met.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2015 are as follows:

DETAILS	Actual 2014/2015 R	Actual 2013/2014 R	Percentage Variance %	Budgeted 2014/2015 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	595,830,356	531,491,877	12.11%	595,388,271	0%
Operating income for the year (incl. gains in disposal of assets)	489,561,255	475,155,264	3.03%	533,576,597	-8.25%
	1,085,391,611	1,006,647,141	7.82%	1,128,964,868	-3.86%
Expenditure:					
Operating expenditure for the year	435,884,372	410,816,785	6.10%	496,800,868	-12.26%
Closing surplus / (deficit)	649,507,239	595,830,356	9.01%	632,164,000	2.74%
	1,085,391,611	1,006,647,141	7.82%	1,128,964,868	-3.86%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 55 497 469, which represents 89% of the capital budget amount. Full details of Property, Plant and Equipment are disclosed in note 13 to the Annual Financial Statements.

The capital expenditure was financed as follows:

DETAILS	Actual 2014/2015 R	Budgeted 2014/2015 R	Percentage Variance %	Source of funding as % of total Cap exp
External Loans	7,279,303	10,919,000	-33%	13.12%
Grants and Subsidies	34,103,625	36,526,000	-7%	61.45%
Own Funds-CRR	14,114,541	15,219,000	-7%	25.43%
	55,497,469	62,664,000	-11%	100.00%

5. LONG-TERM LIABILITIES

The outstanding amount for Long-term Liabilities as at 30 June was :

**2015
R**

**2014
R**

119,987,745

120,544,910

New loans raised during the financial year to enable the municipality to partly finance the capital program.

10,000,000

16,000,000

Refer to Note number 3 and Appendix "A" for more detail.

BITOU LOCAL MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

	2015	2014
	R	R
Non-current Provisions and Employee Benefits at 30 June are made up as follows:	82,769,871	72,788,224
Provision for Post Retirement Benefits	79,997,002	70,143,018
Provision for Long Service Awards	2,772,869	2,645,206
	82,769,871	72,788,224

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable. The provisions are not cash funded.

Refer to Notes number 4 and 5 for more detail.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note 6	5,606,674	5,534,048
Current Employee benefits	Note 7	15,728,100	15,955,036
Provisions	Note 8	5,301,907	3,109,862
Payables from exchange transactions	Note 9	39,801,088	41,474,951
Unspent Conditional Government Grants and Receipts	Note 9	15,168,664	518,453
Unspent Public Contributions	Note 10	104,052	919,058
Current Portion of Long-term Liabilities	Note 3	10,254,978	12,212,449
Operating Lease Liabilities	Note 23	438,587	474,554
		92,404,049	80,198,410

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). At present the current assets (see 11 below) , exceeds the current liabilities with the result that the municipality is in the position to honour their responsibilities in the short term.

Refer to the indicated Note numbers in the notes to the Financial Statements for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:

481,021 **295,818**

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to note 15 in the notes

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:

752,514,784 **717,293,332**

Refer to note 13 for detail information

10. LONG-TERM RECEIVABLES

Long-term Receivables consist mainly of housing loans

18,576 **58,360**

BITOU LOCAL MUNICIPALITY
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for the year ended 30 June 2015

REPORT OF THE CHIEF FINANCIAL OFFICER

11. CURRENT ASSETS

		2015	2014
		R	R
Current Assets are made up as follows:			
Inventory	Note 20	3,453,981	2,790,654
Receivables from exchange transactions	Note 21	26,154,225	31,113,935
Receivables from non-exchange transactions	Note 22	21,836,896	16,476,719
Unpaid Conditional Government Grants and Receipts	Note 10	212,787	6,578,525
Operating Lease Asset	Note 23	107,872	18,259
Taxes	Note 12	3,275,678	7,812,276
Current Portion of Long-term Receivables	Note 19	39,578	76,842
Cash and Cash Equivalents	Note 24	98,627,763	49,177,044
		153,708,780	114,044,254

12. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and to provide sustainable and improved infrastructure for all its citizens. The majority of the capital expenditure allocated to infrastructure projects is funded by grants received from national government.

Refer to notes 10 and 26 and Appendix D for more detail

13. EVENTS AFTER THE REPORTING DATE

None

14. DISCLOSURE ISSUES

None

15. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Heads of Departments and all staff involved in financial administrative processes for the support they extended during the financial year.

The work involved in producing the financial statements is increasing annually due to more detail requirement and I wish to convey a sincere word of appreciation to my personnel for their hard work and effort and dedication in this regard.

Mr F.M. Lötter
CHIEF FINANCIAL OFFICER
31 August 2015

BITOU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	(Restated) 2014 R
NET ASSETS AND LIABILITIES			
Net Assets		689,234,664	635,527,770
Capital Replacement Reserve	2	25,000,000	7,500,000
Accumulated Surplus		664,234,664	628,027,770
Non-Current Liabilities		202,757,616	193,333,134
Long-term Liabilities	3	119,987,745	120,544,910
Employee benefits	4	82,769,871	72,788,224
Current Liabilities		92,404,050	80,198,410
Consumer Deposits	6	5,606,674	5,534,048
Current Employee benefits	7	15,728,100	15,955,036
Provisions	8	5,301,907	3,109,862
Payables from exchange transactions	9	39,801,088	41,474,951
Unspent Conditional Government Grants and Receipts	10	15,168,664	518,453
Unspent Public Contributions	11	104,052	919,058
Operating Lease Liability	23	438,587	474,554
Current Portion of Long-term Liabilities	3	10,254,978	12,212,449
Total Net Assets and Liabilities		984,396,330	909,059,315
ASSETS			
Non-Current Assets		825,509,908	795,015,060
Property, Plant and Equipment	13	752,549,619	717,293,332
Investment Property	14	72,425,499	72,452,368
Intangible Assets	15	481,021	295,818
Heritage Assets	16	35,193	35,193
Non-Current Investments	18	-	4,879,989
Long-Term Receivables	19	18,576	58,360
Current Assets		158,886,423	114,044,254
Inventory	20	3,453,981	2,790,654
Receivables from exchange transactions	21	26,154,225	31,113,935
Receivables from non-exchange transactions	22	21,836,896	16,476,719
Unpaid Conditional Government Grants and Receipts	10	207,963	6,578,525
Operating Lease Asset	23	107,874	18,259
Taxes	12	3,275,678	7,812,276
Current Portion of Long-term Receivables	19	39,578	76,842
Current Investment	18	5,182,465	-
Cash and Cash Equivalents	24	98,627,763	49,177,044
Total Assets		984,396,330	909,059,315

BITOU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 (Actual) R	2014 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		266,779,627	263,503,474
Taxation Revenue		102,203,357	96,886,435
Property taxes	25	102,203,357	96,886,435
Transfer Revenue		142,069,816	137,782,760
Government Grants and Subsidies-capital	26	34,103,625	47,882,956
Government Grants and Subsidies	26	106,849,574	86,994,485
Public Contributions and Donations		1,116,616	2,905,319
Other Revenue		22,506,455	28,834,280
Actuarial Gain	4	648,630	222,436
Fines		21,857,825	28,611,844
Revenue from Exchange Transactions		222,776,805	211,651,790
Service Charges	28	201,180,558	186,701,753
Rental of Facilities and Equipment		1,508,401	1,347,280
Interest Earned - external investments		6,147,470	3,365,138
Interest Earned - outstanding debtors		3,911,533	3,641,102
Agency Services		1,309,784	1,147,129
Other Income	29	8,670,460	15,395,338
Licences and Permits		48,598	54,049
Total Revenue		489,556,433	475,155,264
EXPENDITURE			
Employee related costs	30	134,541,266	131,049,328
Remuneration of Councillors	31	4,766,501	4,710,310
Debt Impairment	32	24,404,123	28,166,537
Collection Cost		613,496	880,066
Depreciation and Amortisation	33	18,881,934	16,233,462
Impairments/Write-Offs	34	3,172,949	13,603,155
Repairs and Maintenance		12,794,206	12,228,091
Actuarial losses	4	97,651	3,686,360
Finance Charges	35	21,176,610	19,308,541
Bulk Purchases	36	84,459,061	76,399,870
Stock Adjustments		46,345	
Contracted services		21,912,595	14,224,153
Grants and Subsidies		3,043,130	1,948,214
General Expenses	37	105,939,669	88,378,698
Total Expenditure		435,849,538	410,816,785
NET SURPLUS FOR THE YEAR		53,706,895	64,338,479

BITOU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
		R	R	R
2013				
Balance at 1 JULY 2013		5,000,000	526,491,876	531,491,876
Correction of error	38.2	-	39,697,414	39,697,414
2014				
Restated Balance at 1 JULY 2013	38.2	5,000,000	566,189,290	571,189,290
Net Surplus for the year		-	64,338,479	64,338,479
Transfer from CRR		(5,000,000)	5,000,000	-
Transfer to CRR		7,500,000	(7,500,000)	-
Restated Balance at 30 JUNE 2014	38.2	7,500,000	628,027,769	635,527,769
2015				
Net Surplus for the year		-	53,706,895	53,706,895
Transfer from CRR		(14,114,541)	14,114,541	-
Transfer to CRR		31,614,541	(31,614,541)	-
Balance at 30 JUNE 2015		25,000,000	664,234,664	689,234,664

BITOU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	30 JUNE 2015 R	30 JUNE 2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		322,682,856	280,790,160
Government		161,973,970	122,587,376
Interest		10,059,003	7,006,240
Payments			
Suppliers and employees		(365,923,592)	(319,306,637)
Finance charges	35	(21,176,610)	(19,308,541)
Cash generated by operations	39	107,615,627	71,768,598
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(55,212,473)	(69,864,595)
Purchase of Intangible Assets		(285,000)	
Decrease in non-current receivables		77,048	76,485
Decrease in non-current Investments		4,879,989	(302,476)
Increase in current Investments		(5,182,465)	
Net Cash from Investing Activities		(55,722,901)	(70,090,587)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(12,514,633)	(11,738,487)
New loans raised		10,000,000	16,720,266
Increase in Consumer Deposits		72,626	308,763
Net Cash from Financing Activities		(2,442,007)	5,290,542
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		49,450,719	6,968,554
Cash and Cash Equivalents at the beginning of the year		49,177,044	42,208,490
Cash and Cash Equivalents at the end of the year	40	98,627,763	49,177,044
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,450,719	6,968,554

BITOU MUNICIPALITY
BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2015

BITOU LOCAL MUNICIPALITY

		ORIGINAL		FINAL		ACTUAL
		BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS
Ref.	R	R	R	R	R	BUDGET
						R
STATEMENT OF FINANCIAL POSITION						
Total current assets	C1	161,167,000	(27,845,000)	133,322,000	158,886,423	25,564,423
Total non- current assets	C2	791,481,000	2,447,000	793,928,000	825,509,908	31,581,908
Total current liabilities	C3	75,693,000	19,061,000	94,754,000	92,404,050	(2,349,950)
Total non- current liabilities	C4	211,872,000	(11,539,000)	200,333,000	202,757,616	2,424,616
Total Net Assets		665,083,000	-32,920,000	632,164,000	689,234,664	57,071,664

STATEMENT OF FINANCIAL PERFORMANCE

Grap Reporting Framework

Revenue

Property taxes	C5	110,313,734	(7,904,734)	102,409,000	102,203,357	(205,643)
Government Grants and Subsidies-Capital	C6	27,214,000	12,496,000	39,710,000	34,103,625	(5,606,375)
Government Grants and Subsidies	C7	116,966,000	(14,297,134)	102,668,866	106,849,574	4,180,708
Public Contributions and Donations		860,410	1,056,058	1,916,468	1,116,616	(799,852)
Actuarial Gain		0	-	-	648,630	648,630
Fines	C8	5,300,000	25,290,600	30,590,600	21,857,825	(8,732,775)
Service Charges	C9	207,205,893	(5,682,619)	201,523,274	201,180,558	(342,716)
Rental of Facilities and Equipment		1,322,400	(1,810)	1,320,590	1,508,401	187,811
Interest Earned - external investments		2,639,440	1,271,600	3,911,040	6,147,470	2,236,430
Interest Earned - outstanding debtors		3,484,800	(774,062)	2,710,738	3,911,533	1,200,795
Agency Services		1,438,720	(353,484)	1,085,236	1,309,784	224,548
Other Income		5,325,640	310,599	5,636,239	8,670,460	3,034,221
Licences and Permits		73,500	(30,000)	43,500	48,598	5,098
Internal Recoveries		40,051,046	-	40,051,046	40,051,046	-
Total Revenue		522,195,583	11,381,014	533,576,597	529,607,479	(3,969,118)

Expenditure

Employee related costs	C10	145,380,938	(574,869)	144,806,069	140,752,925	(4,053,144)
Remuneration of Councillors		5,032,400	14,700	5,047,100	4,766,501	(280,599)
Debt Impairment	C11	15,920,000	20,369,451	36,289,451	24,404,123	(11,885,328)
Collection Cost		787,500	-	787,500	613,496	(174,004)
Depreciation and Amortisation	C12	22,820,875	(4,265,805)	18,555,070	18,881,934	326,864
Impairments/Write-Offs		0	-	-	3,172,949	3,172,949
Repairs and Maintenance		15,868,736	(129,913)	15,738,823	12,477,299	(3,261,524)
Actuarial losses		0	-	-	97,651	97,651
Finance Charges		13,836,740	521,167	14,357,907	14,463,951	106,044
Bulk Purchases	C13	79,354,487	-	79,354,487	84,459,061	5,104,574
Stock Adjustments		0	-	-	46,345	46,345
Contracted services	C14	20,218,992	4,360,515	24,579,507	21,912,595	(2,666,912)
Grants and Subsidies		2,240,000	1,480,000	3,720,000	3,043,130	(676,870)

BITOU MUNICIPALITY
BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2015

		ORIGINAL		FINAL		ACTUAL
		BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS
	Ref.	R	R	R	R	BUDGET
General Expenses	C15	126,214,428	(12,780,520)	113,433,908	106,757,576	(6,676,332)
Loss on Disposal of PPE		80,000	-	80,000	0	(80,000)
Internal Charges		40,051,046	-	40,051,046	40,051,046	-
Total Expenditure		487,806,142	8,994,726	496,800,868	475,900,584	(20,900,284)
Transfers recognised-operational						
Net Surplus for the year		34,389,441	2,386,288	36,775,729	53,706,895	16,931,166

National Treasury Reporting Framework

Revenue

Property rates		110,314,000	-7,905,000	102,409,000	102,203,357	-205,643
Service charges		220,224,000	28,750,000	248,974,000	201,180,558	-47,793,442
Investment revenue		2,639,000	1,272,000	3,911,000	6,147,470	2,236,470
Transfers recognised-operational		116,966,000	-15,004,000	101,962,000	106,849,574	4,887,574
Other own revenue		17,806,000	26,204,000	44,010,000	79,122,895	35,112,895
Total Revenue (excluding capital transfers)		467,949,000	33,317,000	501,266,000	495,503,854	(5,762,146)

Expenditure

Employee cost		145,381,000	(575,000)	144,806,000	140,752,925	(4,053,075)
Remuneration of councillors		5,032,000	15,000	5,047,000	4,766,501	(280,499)
Depreciation & asset impairment		22,821,000	(4,266,000)	18,555,000	18,881,934	326,934
Finance charges		13,837,000	521,000	14,358,000	14,463,951	105,951
Transfers and grants		2,700,000	1,020,000	3,720,000	3,043,130	(676,870)
Other expenditure		271,003,000	46,711,000	317,714,000	293,992,142	(23,721,858)
Total Expenditure		460,774,000	43,426,000	504,200,000	475,900,584	(28,299,416)
Surplus		7,175,000	(10,109,000)	(2,934,000)	19,603,270	22,537,270
Transfers recognised-capital		27,214,000	12,496,000	39,710,000	34,103,625	(5,606,375)
Surplus for the year		34,388,000	2,387,000	36,775,000	53,706,895	16,931,895

CASH FLOW STATEMENT

Net Cash from Operating Activities	C16	82,470,000	(7,123,000)	75,347,000	107,615,627	32,268,627
Net Cash from Investing Activities	C17	(44,977,000)	(15,676,000)	(60,653,000)	(55,722,901)	4,930,099
Net Cash from Financing Activities		(3,285,000)	1,400,000	(1,885,000)	(2,442,007)	(557,007)
Net increase/(decrease)in cash and cash equivalents		34,209,000	(21,399,000)	12,809,000	49,450,719	36,641,719

OPERATING EXPENDITURE BY VOTE

Community Services		154,968,343	4,987,270	159,955,613	159,943,775	(11,838)
Corporate Services		23,632,857	3,060,177	26,693,034	22,236,499	(4,456,535)
Council		15,497,571	2,322,303	17,819,874	13,082,434	(4,737,440)
Financial Services		60,646,936	(3,037,669)	57,609,267	52,706,514	(4,902,753)
Strategic Services		24,630,325	(1,854,462)	22,775,863	19,739,367	(3,036,496)
Office of the Municipal Manager		16,412,323	(2,898,663)	13,513,660	12,129,022	(1,384,638)
Municipal Services and Infrastructure Development		192,017,787	6,415,770	198,433,557	196,062,972	(2,370,585)
		487,806,142	8,994,726	496,800,868	475,900,584	(20,900,284)

CAPITAL EXPENDITURE BY VOTE

BITOU MUNICIPALITY
BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2015

		ORIGINAL		FINAL		ACTUAL
		BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS
	Ref.	R	R	R	R	BUDGET
						R
Community Services	C18	10813772	4,805,786	15,619,558	13,195,573	2,423,985
Corporate Services		0	291,980	291,980	291,959	21
Council		0	366,855	366,855	286,854	80,001
Financial Services		2483206	(756,830)	1,726,376	1,329,407	396,969
Municipal Services and Infrastructure Development	C19	32408824	12,230,920	44,639,744	40,393,675	4,246,069
		45,705,802	16,938,711	62,644,513	55,497,469	7,147,044

Refer to note 55 for explanations of material variances between the original budget and final budget.

Refer to note 56 for explanations of material variances between actual amounts and the final budget.

Material variances are considered as variances larger than R4.0 million

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
Directive 11	<u>Changes in Measurement Basis Following Initial Adoption of Standards of GRAP</u>	

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	<p>This Directive can be applied when a Municipality elects to change the measurement basis selected for certain assets on the initial adoption of Standards of GRAP</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement basis.</p>	
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 17	<p><u>Service Concessions Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</u></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p>	1 April 2015

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	No significant impact expected as any such transactions or events are expected in the foreseeable future.	
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015

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GRAP 109	Accounting by Principles and Agents The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1 Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a

provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.6 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Asset Class & Type	Expected Useful Life
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Water Reservoirs & Reticulation

Boreholes	13-100
Connections	15-65
Dams	95
Reservoirs	8-100
Reticulation	20-101
Pump station	15-50
Water Treatment Works	15

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Community Assets

Civic Buildings	30-60
Libraries	10-100
Parks & Gardens	15-40
Recreation Grounds	5-100

Land and Buildings

Buildings	8-100
Land	Indefinite

Other Assets

Office Equipment	3-30
Other Land & Buildings	10
Other Motor Vehicles	4-30
Plant and Equipment	1-30
Security Measures	5-30
Specialised Vehicles	8-30

Leased Assets

Leased Assets	3-6
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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.17. INTANGIBLE ASSETS**1.17.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- Arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.18. INVESTMENT PROPERTY

1.18.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009

1.19 HERITAGE ASSETS

1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying

amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments**1.22.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor

transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount.

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

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Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).

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- both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.31.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.10 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

1.31.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31.12 Provision for Clearing of Alien Vegetation

The Economic entity has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35. TAXATION

1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

2	NET ASSET RESERVES	2015	2014
	Capital Replacement Reserve	R 25,000,000	R 7,500,000
		<u>25,000,000</u>	<u>7,500,000</u>
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	130,033,151	132,227,328
	Capitalised Lease Liability - At amortised cost	209,572	530,030
		130,242,723	132,757,358
	Current Portion transferred to Current Liabilities	(10,254,978)	(12,212,449)
	Annuity Loans - At amortised cost	(10,210,375)	(11,891,991)
	Capitalised Lease Liability - At amortised cost	(44,603)	(320,458)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	119,987,745	120,544,910

For detail of the carrying amounts of the loans - see Appendix A

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year

Payable within two to five years

Payable after five years

**Minimum
annuity payments**

Less: Future finance obligations

Present value of annuity obligations

Development Bank Loans

Various structured loans have been taken up with DBSA, with an original value totalling R79.5m. One of the DBSA loans has a repayment period of 10 years maturing on 30/06/2017 paid with equal instalments. All other loans are paid 6 monthly on a "Fixed capital plus interest" basis over a 20 year period each with a maturity date ranging from 31/12/2019 - 31/12/2029 respectively. Interest rates applicable on all loans vary from 9% to 12% . The loan is unsecured.

First National Bank

A loan amounting to R3,400,000 has been taken up from First National Bank. This loan will be paid 6 monthly on a "fixed capital plus interest" basis over a five year period with maturity date of 30/06/2015. Interest rate applicable to this loan amounts to 10.56%.The loan is unsecured

Standard Bank

Nine loans originally amounting to a total of R76,290 million had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2018 to 30/06/2023 respectively. Interest rates applicable to these loans amounted to 11.26% and 10.71% respectively.The loan is unsecured.

A Zero Coupon investment to establish a Sinking Fund, amounted to R 5 182 465 (2014: R4 879 989) has been invested with ABSA to serve as a contractual collateral on a loan (loan WC 13665) from Development Bank of Southern Africa:-see also Note 18

Nedbank

A new loan amounting to R10 000,000 has been taken up from Nedbank. This loan will be paid monthly on equal instalments based on a fixed interest rate over a ten year period with maturity date of 30/06/2025. Interest rate applicable to this loan amounts to 11.81%.The loan is unsecured.

The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

**Minimum
lease payments**

Less: Future finance obligations

Present value of lease obligations

Leases are secured by property, plant and equipment - Note 13

The municipality has entered into lease agreement with Avis for motor vehicle rentals and rental agreements for photocopier machines The rental periods vary between 3 and 5 years, starting 1 July 2010. Rental instalments are payable monthly .No escalation is applicable.

175,498	352,742
44,603	220,101
220,101	572,843
(10,529)	(42,813)
209,572	530,030

EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1
 Long Service Awards - Refer to Note 4.2

Total Non-current Employee Benefit Liabilities

2015 R	2014 R
79,997,002	70,143,018
2,772,869	2,645,206
82,769,871	72,788,224

Post Retirement Benefits

Balance 1 July	71,093,958	59,122,457
Contribution for the year	11,660,902	9,244,913
Expenditure for the year	(1,041,264)	(959,772)
Actuarial Loss/(Gain)	(648,630)	3,686,360
Total post retirement benefits 30 June	81,064,966	71,093,958
Less: Transfer of Current Portion - Note 7	(1,067,964)	(950,940)
Balance 30 June	79,997,002	70,143,018

Long Service Awards

Balance 1 July.	3,083,706	3,250,052
Contribution for the year.	513,146	712,649
Expenditure for the year.	(508,990)	(656,559)
Actuarial Loss/(Gain)	97,651	(222,436)
Total long service 30 June	3,185,513	3,083,706
Less: Transfer of Current Portion - Note 7	(412,644)	(438,500)
Balance 30 June	2,772,869	2,645,206

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	74,177,664	62,372,509
Contribution for the year	12,174,048	9,957,562
Expenditure for the year	(1,550,254)	(1,616,331)
Actuarial Gain/(Loss)	(550,979)	3,463,924
Total employee benefits 30 June	84,250,479	74,177,664
Less: Transfer of Current Portion - Note 7	(1,480,608)	(1,389,440)
Balance 30 June	82,769,871	72,788,224

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	421	348
Continuation members (e.g. Retirees, widows, orphans)	34	33
Total Members	455	381

The liability in respect of past service has been estimated to be as follows:

In-service members	64,884,127	55,890,289
Continuation members	16,180,839	15,203,669
Total Liability-unfunded	81,064,966	71,093,958

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013	2012 R	2011 R
In-service members	46,655,013	43,084,238	28,578,326
Continuation members	12,467,444	12,669,297	9,695,176
Total Liability	59,122,457	55,753,535	38,273,502

	2015 (Rm)	2014 (Rm)	2013 (Rm)	2012 (Rm)
Experience adjustments were calculated as follows				
Liabilities (Gain)/loss	-0.649	3.686	-2.638	10.020

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonita's;
 LA Health
 Samwu
 Keyhealth.
 Hosmed

EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %
Discount rate	9.10	9.18
Health Care Cost Inflation Rate	8.23	8.31
Net Effective Discount Rate	0.80	0.81

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries .
The SA 85-90 table was used by the actuaries for current employees

iii) Normal retirement age

It has been assumed that in-service members will retire at an average age of 57, which then implicitly allows for expected rates of early and ill-health retirement.

	2015 R	2014 R
The amount recognised in the Statement of Financial Position is as follow:		
Present value of fund obligations	81,064,966	71,093,958
Net liability-unfunded	81,064,966	71,093,958
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	71,093,958	59,122,457
Total expenses	10,619,638	8,285,141
Current service cost (Included in Employee Cost in the Statement of Financial Performance)	5,173,936	3,836,939
Interest Cost (Included in Finance Charges in the Statement of Financial Performance)	6,486,966	5,407,974
Benefits Paid	(1,041,264)	(959,772)
Actuarial Gain/(Losses)	(648,630)	3,686,360
Present value of fund obligation at the end of the year	81,064,966	71,093,958
Less: Transfer of Current Portion - Note 7	(1,067,964)	(950,940)
Balance 30 June	79,997,002	70,143,018

Sensitivity Analysis on the Accrued Liability in (R millions)

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	64.884	16.181	81.065	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	78.100	18.103	96.203	19
Health care inflation	-1%	54.429	14.568	68.997	(15)
Discount Rate	1%	54.584	14.592	69.176	(15)
Discount Rate	-1%	78.124	18.107	96.231	19
Post-retirement mortality	-1 year	66.934	16.802	83.736	3
Average retirement age	-1 year	69.410	16.181	85.591	6
Membership after retirement	-10%	58.325	16.181	74.506	(8)

Assumption	Change	Current service Cost (R)	Interest Cost (R)	Total	% change
Central Assumption		5,173,900	6,487,000	11,660,900	
Health care inflation	1%	6,402,400	7,732,500	14,134,900	21
Health care inflation	-1%	4,222,600	5,496,400	9,719,000	(17)
Discount rate	1%	4,275,400	6,111,300	10,386,700	(11)
Discount rate	-1%	6,345,700	6,892,400	13,238,100	14
Post-retirement mortality	-1 year	5,331,100	6,699,000	12,030,100	3
Average retirement age	-1 year	5,485,100	6,842,600	12,327,700	6
Withdrawal Rate	50%	4,667,800	5,969,200	10,637,000	(9)

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2015 R	2014 R
421	379

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %
Discount rate	7.98	7.87
General Salary Inflation (long-term)	7.07	7.08
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.85	0.74

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

2015 R	2014 R
3,185,513	3,083,706
3,185,513	3,083,706

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability-unfunded

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Total Liability-unfunded	3,250,052	2,986,411	3,337,464

	2015	2014	2013	2012
Experience adjustments were calculated as follows				
Liabilities (Gain)/loss	97,651	(222,436)	(12,137)	(975,737)

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Total expenses

Current service cost (Included in Employee Cost in the Statement of Financial Performance)
Interest Cost (Included in Finance Charges in the Statement of Financial Performance)
Benefits Paid

Actuarial Losses/(Gain)

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 7

Balance 30 June

3,083,706	3,250,052
4,156	56,090
287,453	495,337
225,693	217,312
(508,990)	(656,559)
97,651	(222,436)
3,185,513	3,083,706
(412,644)	(438,500)
2,772,869	2,645,206

Sensitivity Analysis on the Unfunded Accrued Liability (in R Millions)

Assumption	Change	Liability (R)	% change
Central assumptions			
General salary inflation	1%	3,186,000	6
General salary inflation	-1%	3,380,000	(6)
Discount rate	1%	2,997,000	(6)
Discount rate	-1%	3,396,000	7
Average retirement age	-2yrs	2,640,000	(17)
Average retirement age	2yrs	3,826,000	20
Withdrawal rates	-50%	3,907,000	23

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund has a funding level of 99.7% (30 June 2011 - 99.4%).

	2015 R	2014 R
Contributions paid recognised in the Statement of Financial Performance	235,903	209,298

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.1 %.

Contributions paid recognised in the Statement of Financial Performance	10,876,534	9,440,558
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance	462,374	524,512
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5 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites
Provision for Cleaning of Alien Vegetation

Total Non-current Provisions

-	-
-	-
-	-

Landfill Sites

Balance 1 July..
Unwinding of discounted interest
Additions
Expenditure for the year..

2015 R	2014 R
1,910,462	7,850,000
100,108	(5,939,538)
1,972,033	-
-	-
3,982,604	1,910,462
(3,982,604)	(1,910,462)
-	-

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 8

Balance 30 June

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the site is as follows:

Decommission date	2015
Cost of rehabilitation	3,982,604

Clearing of Alien Vegetation

Balance 1 July..
Contribution for the year..
Expenditure for the year..
Total provision 30 June

1,199,400	1,138,953
119,903	60,447
-	-
1,319,303	1,199,400
(1,319,303)	(1,199,400)
-	-

Balance 30 June

The current portions of the provisions for the Landfill site and the clearing of Alien Vegetation representing the possible outflow of funds in the next financial year to execute the purpose of the provisions

6 CONSUMER DEPOSITS

Electricity and Water

Total Consumer Deposits

5,606,674	5,534,048
5,606,674	5,534,048
246,125	246,125

Guarantees held in lieu of Electricity and Water Deposits

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

7 CURRENT EMPLOYEE BENEFITS

	2015 R	2014 R
Current Portion of Post Retirement Benefits - Note 4	1,067,964	950,940
Current Portion of Long-Service Provisions - Note 4	412,644	438,500
Staff Leave	11,257,502	11,177,168
Bonuses	2,989,990	2,606,323
Pension fund shortages	-	782,105
Total Current Employee Benefits	15,728,100	15,955,036

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	11,177,168	8,729,139
Contribution to current portion	2,167,094	3,794,047
Expenditure incurred	(2,086,760)	(1,346,019)
Balance at end of year	11,257,502	11,177,168

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Bonuses

Balance at beginning of year.	2,606,323	2,158,889
Contribution to current portion.	5,768,637	5,315,130
Expenditure incurred.	(5,384,970)	(4,867,697)
Balance at end of year	2,989,990	2,606,323

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Pension fund shortages

Balance at beginning of year..	782,105	2,013,430
Contribution to current portion..	(782,105)	(1,231,325)
Expenditure incurred..	-	-
Balance at end of year	-	782,105

The municipality received notice from the Cape Joint Pension Fund regarding a shortfall in the annual earnings of the fund. The actual investment return that was reported amounted to -0.94%. The provision amounts to the amount that the Fund requested the municipality to pay. Interest on the outstanding portion was added since February 2010.

8 PROVISIONS

Current Portion of Clearing Allian Vegetation -Note 4	1,319,303	1,199,400
Current Portion of Rehabilitation of Landfill-site -Note 4	3,982,604	1,910,462
Total Provisions	5,301,907	3,109,862

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	23,208,830	28,562,577
Pre-paid electricity	249,917	148,105
Other Creditors	2,473,653	2,843,536
Payments received in advance	9,004,656	7,002,453
Retentions	4,864,031	2,918,280
Total Trade Payables	39,801,088	41,474,951

Payables are being recognised net of any discounts.

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality and unallocated banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

All payables are unsecured.

10 **UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent Grants

Provincial and Government Grants

Less: Unpaid Grants

National Government Grants

Total Conditional Grants and Receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

2015	2014
R	R
15,168,663	518,453
15,168,663	518,453
207,963	6,578,525
207,963	6,578,525
14,960,699	(6,060,072)

11 **UNSPENT PUBLIC CONTRIBUTIONS**

Social responsibility

Upgrade Kwano Sports field

Total Unspent Public Contributions

104,052	245,673
-	673,385
104,052	919,058

Reconciliation of public contributions

Social Responsibility

Opening balance

Contributions received

Conditions met - Transferred to revenue

Closing balance

245,673	245,673
-	-
(141,621)	-
104,052	245,673

Upgrade Kwano Sport field

Opening balance

Contributions received

Conditions met - Transferred to revenue

Closing balance

673,385	2,858,120
-	-
(673,385)	(2,184,735)
-	673,385

12 **TAXES**

VAT RECEIVABLE

VAT Receivable

Total VAT receivable

3,275,678	7,812,276
3,275,678	7,812,276
3,275,678	7,812,276

NET VAT RECEIVABLE/(PAYABLE)

VAT is receivable/payable on the cash basis.

13 **PROPERTY, PLANT AND EQUIPMENT**

See attached sheet

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

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13	Assets pledged as security:	2015	2014
		R	R
	All the assets (Vehicles and Photostat Machines) which are obtained by financial leases are pledged as security. The total carrying amount of these assets is R184 362 (2014: R497 250)		
	Impairment of property, plant and equipment for the year		
	Impairment charges on Property, Plant and Equipment recognised in the Statement of Financial Performance	-	7,061,690
	Capital commitments		
	Capital commitments applicable- see note 46	44,859,138	32,728,113
	Effect of change in accounting estimates		
	Change in estimates in terms of GRAP 3		
	The useful life's of the following assets were adjusted for further periods		
	Depreciation after adjustments		
	Buildings	20,364.23	
	Office equipment	205,796.25	
	Other Land and Buildings	455.10	
	Other Motor Vehicles	15,945.37	
	Plant & equipment	159,416.53	
	Security Measures	13,337.65	
	Specialised Vehicles	61,706.10	
		477,021	
	Depreciation before adjustments		
	Buildings	40,756.34	
	Office equipment	303,666.57	
	Other Land and Buildings	1,024.69	
	Other Motor Vehicles	34,535.18	
	Plant & equipment	218,944.96	
	Security Measures	25,569.01	
	Specialised Vehicles	63,310.38	
		687,807	
14	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	72,452,368	72,455,081
	Cost	74,973,092	74,973,092
	Accumulated Depreciation	(1,704,509)	(1,701,796)
	Accumulated Impairments	(816,215)	(816,215)
	Depreciation for the year	(26,869)	(2,713)
	Impairments for the year		
	Net Carrying amount at 30 June	72,425,499	72,452,368
	Cost	74,973,092	74,973,092
	Accumulated Depreciation	(1,731,378)	(1,704,509)
	Accumulated Impairments	(816,215)	(816,215)
	Change in estimates in terms of GRAP 3		
	The useful life's of properties were adjusted for further periods		
	Depreciation after adjustments	-	2,713
	Depreciation before adjustments	-	168,107
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	Revenue derived from the rental of investment property	1,354,023	1,222,523
15	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	295,818	4,108,085
	Cost	591,263	5,981,468
	Accumulated Amortisation	(295,445)	(1,873,383)
	Written-off	-	(3,706,136)
	Additions	285,000	
	Amortisation (Included in Depreciation and Amortisation in the Statement of Financial Performance)	(99,797)	(106,131)
	Net Carrying amount at 30 June	481,021	295,818
	Cost	876,263	591,263
	Accumulated Amortisation	(395,242)	(295,445)
	No intangible asset has an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		

	2015 R	2014 R
Change in estimates in terms of GRAP 3		
The useful life's of assets were adjusted for further periods		
Amortisation after adjustments	5,336	6,978
Amortisation before adjustments	11,605	22,658
16 HERITAGE ASSETS		
Net Carrying amount at 1 July	35,193	35,193
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Reversal of Impairment losses	-	-
Transfers from Property, Plant and equipment	-	-
Net Carrying amount at 30 June	35,193	35,193
Cost	35,193	35,193
Accumulated Impairment	-	-
Heritage Assets consists of historical land and the Mayoral chain.		
The assets were measured at its cost.		
There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
There are no Heritage Assets pledged as security for liabilities		
17 CAPITALISED RESTORATION COST		
Net Carrying amount at 1 July	-	-
Depreciation	(1,972,033)	-
Impairment	-	-
Net Carrying amount at 30 June		
Cost..	-	-
Addition	1,972,033	-
Accumulated Depreciation..	(1,972,033)	-
Accumulated Impairments..	-	-
Refuse tip-site financed by way of a provision - Refer to note 5	-	-
18 18.1 NON - CURRENT INVESTMENTS		
Fixed Deposits		4,879,989
Total Non- Current Investments	-	4,879,989
Fixed Deposits are investments with a maturity period of more than 12 months and earn interest at a fixed rate of 23.27 % per annum.		
A Zero Coupon investment to establish a Sinking Fund, amounted to R 5 182 465 (2014: R4879 989) has been invested with ABSA to serve as a contractual collateral on a loan (loan WC 13665) from Development Bank of Southern Africa:-see also Note 3		
18.2 CURRENT INVESTMENTS		
Fixed Deposits	5,182,465	-
Total Non- Current Investments	5,182,465	-
19 LONG-TERM RECEIVABLES		
Housing selling scheme loans	58,154	135,201
Less : Current portion transferred to current receivables	(39,578)	(76,842)
Total Long- Term Receivables	18,576	58,360
Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.		
The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.		
The terms granted to these loans have not been more favourable that would be expected in market terms		

20	INVENTORY		2015	2014
			R	R
	Consumables at store - At cost		3,370,833	2,661,161
	Water – at cost		83,149	129,494
	Total Inventory		3,453,981	2,790,654
	Consumable stores materials written down due to losses as identified during the annual stores counts.			2,114
	Consumable stores materials surpluses identified during the annual stores counts.		-	
	Inventory recognised as an expense during the year		2,773,208	2,166,924
21	RECEIVABLES FROM EXCHANGE TRANSACTIONS			
		Gross Balances	Provision for Impairment	Nett Balances
	As at 30 June 2015			
	Service Receivables	69,025,470	43,456,930	25,568,540
	Electricity	15,492,879	4,335,422	11,157,457
	Water	21,259,701	13,064,029	8,195,672
	Sewerage	17,446,406	12,449,447	4,996,959
	Sundries	1,826,444	3,014,526	(1,188,082)
	Refuse Removal	13,000,039	10,593,506	2,406,533
	Housing Rentals	694,653	108,967	585,685
	Total	69,720,122	43,565,897	26,154,225
	As at 30 June 2014			
	Service Receivables	67,128,251	36,240,534	30,887,717
	Electricity	13,658,794	3,716,959	9,941,835
	Water	19,227,156	10,701,591	8,525,565
	Sewerage	17,997,776	11,064,801	6,932,975
	Sundries	4,547,529	2,347,889	2,199,640
	Refuse Removal	11,696,996	8,409,294	3,287,702
	Housing Rentals	578,862	352,644	226,218
	Total	67,707,113	36,593,178	31,113,935
	Ageing of Receivables from Exchange Transactions:		2015	2014
			R	R
	<u>(Electricity): Ageing</u>			
	Current (0 - 30 days)		1,038,877	9,237,036
	31 - 60 Days		8,500,459	1,025,464
	61 - 90 Days		1,331,523	492,664
	+ 90 Days		4,622,020	2,903,630
	Total		15,492,879	13,658,794
	<u>(Water): Ageing</u>			
	Current (0 - 30 days)		1,201,124	4,203,019
	31 - 60 Days		4,030,363	1,137,201
	61 - 90 Days		1,162,232	656,580
	+ 90 Days		14,865,982	13,230,356
	Total		21,259,701	19,227,156
	<u>(Sewerage): Ageing</u>			
	Current (0 - 30 days)		287,229	2,256,805
	31 - 60 Days		2,835,882	451,301
	61 - 90 Days		405,173	381,849
	+ 90 Days		13,918,122	14,907,822
	Total		17,446,406	17,997,776
	<u>(Sundries): Ageing</u>			
	Current (0 - 30 days)		(1,539,743)	516,220
	31 - 60 Days		363,645	208,434
	61 - 90 Days		283,737	148,359
	+ 90 Days		2,718,805	3,674,516
	Total		1,826,444	4,547,529
	<u>(Refuse): Ageing</u>			
	Current (0 - 30 days)		234,210	1,439,311
	31 - 60 Days		1,922,566	322,545
	61 - 90 Days		368,465	303,201
	+ 90 Days		10,474,798	9,631,939
	Total		13,000,039	11,696,996

(Housing): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

2015 R	2014 R
2,418	52,912
74,290	13,774
13,424	13,456
604,520	498,720

Total

694,653 **578,862**

(Total): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

1,224,116	17,705,302
17,727,205	3,158,719
3,564,555	1,996,110
47,204,246	44,846,982

Total

69,720,122 **67,707,113**

22 RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS**As at 30 June 2015**

Rates
 Sundry Debtors.
 Traffic Fines

Gross **Provision for** **Nett Balances**
Balances **Impairment**

24,540,073	9,283,576.35	15,256,496
330,092	408,154	(78,062)
34,842,559	28,184,098	6,658,461

Total

59,712,724 **37,875,828** **21,836,896**

As at 30 June 2014

Rates
 Sundry Debtors.
 Traffic Fines

20,685,650	6,495,399.00	14,190,251
1,153,144	2,835,805	(1,682,661)
20,293,594	16,324,466	3,969,128

Total

42,132,388 **25,655,670** **16,476,718**

Ageing of Receivables from Non-Exchange Transactions:**(Rates): Ageing**

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

2015 R	2014 R
2,812,318	4,727,661
5,514,607	740,956
812,396	308,831
15,400,751	14,908,203

Total

24,540,073 **20,685,650**

Receivables impaired**2015****Total**

Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
43,565,897	37,875,828	81,441,725

2014**Total**

36,593,178 **25,655,670** **62,248,848**

Reconciliation of Provision for Bad Debts for Receivables from Exchange and Non -Exchange transactions

Balance at beginning of year
 Contribution to provision
 Bad Debts Written Off

62,248,847	39,516,958
25,765,732	29,664,315
(6,572,854)	(6,932,427)

Balance at end of year

81,441,725 **62,248,847**

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

23 OPERATING LEASE ARRANGEMENTS**23.1 The Municipality as Lessee (Liability)****Balance on 1 July**

Movement during the year

474,554	500,925
(35,967)	(26,371)

Balance on 30 June

438,587 **474,554**

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year
 1 to 5 Years
 More than 5 Years

320,027	450,785
678,790	998,818
143,418	143,418

Total Operating Lease Arrangements

1,142,235 **1,593,021**

Operating leases consists of agreements for building rentals

The municipality does not engage in any sub-lease arrangements.

The municipality did not pay any contingent rent during the year

23.2 The Municipality as Lessor (Asset)

Balance on 1 July

Movement during the year.

Balance on 30 June

At the Statement of Financial Position date, the municipality will receive operating lease income as follows:

Up to 1 Year

1 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The leases are in respect of land and buildings being leased out for several purposes.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year

Leases escalate annually between 5% to 12%. Lease agreements are non-cancellable and have terms from 2 to 10 years.

Some of the leases are renewable after the lapsing of the existing lease period

2015 R	2014 R
18,259	1,094
89,615	17,165
107,874	18,259
331,723	402,370
1,206,963	1,538,685
1,555,524	1,555,524
3,094,209	3,496,579

24

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits

Bank Accounts

Cash Floats

82,042,578	25,764,902
16,573,665	23,400,922
11,520	11,220
98,627,763	49,177,044

Total Cash and Cash Equivalents - Assets

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Security amounting to R 200,000 are held at Absa Bank for E- Fuel.

The municipality has the following bank accounts:

Current Accounts

Standard Bank George-Account Number 082599343 (Primary Bank Account)

Standard Bank George-Account Number 282032371 (Direct Deposits)

Standard Bank George-Account Number 082608288 (ACB)

Standard Bank George-Account Number 082592535 (Traffic Account)

Nedbank- Account Number 1089911513

Nedbank- Account Number 1089913079

Nedbank- Account Number 1089913974

10,168,982	24,281,082
1,624,758	3,625,573
56,752	5,967
84,098	596,559
2,726,127	-
2,496,597	-
1,965,201	-
19,122,515	28,509,181

Cash book balance at beginning of year

Cash book balance at end of year

23,400,922	31,675,416
16,573,665	23,400,922

Standard Bank George-Account Number 082599343 (Primary Bank Account) untill 14 December 2014

Bank statement balance at beginning of year

Bank statement balance at end of year

24,281,082	30,428,371
10,168,982	24,281,082

Standard Bank George-Account Number 282032371 (Direct Deposits)

Bank statement balance at beginning of year

Bank statement balance at end of year

3,625,573	653,611
1,624,758	3,625,573

Standard Bank George-Account Number 082592535 (Traffic Account)

Bank statement balance at beginning of year

Bank statement balance at end of year

596,559	627,180
84,098	596,559

Standard Bank George-Account Number 082608288 (ACB)

Bank statement balance at beginning of year

Bank statement balance at end of year

5,967	73,316
56,752	5,967

Nedbank- Account Number 1089911513(Primary Bank Account) since 15 December

Bank statement balance at beginning of year

Bank statement balance at end of year

-	-
2,726,127	-

Nedbank- Account Number 1089913079

Bank statement balance at beginning of year

Bank statement balance at end of year

-	-
2,496,597	-

Nedbank- Account Number 1089913974

Bank statement balance at beginning of year

Bank statement balance at end of year

-	-
1,965,201	-

Call Investment Deposits

Call investment deposits consist out of the following accounts:

	2015 R	2014 R
Absa Account nr 20-4897-5233	44,564	42,454
Absa Account nr 20-5009-0176	25,439	24,231
Absa Account nr 9294822970	10,618,864	10,075,437
Absa Account nr 9298544934	10,448,244	-
Standard Account nr 488-860-7000-32	5,061,831	-
Standard Account nr 488-607-7000-015	426,000	405,795
Standard Account nr 488-607-7000-035	10,079,627	-
Standard Account nr 488-607-7000-025	-	15,216,986
Standard Account nr 488-607-7000-034	10,062,423	-
Investec Account nr 1100443838499	15,112,709	-
Nedbank Account nr 03/7881052406/000065	20,162,877	-
	82,042,578	25,764,903

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5 % to 6 % per annum.

ABSA investment account number 2048975233 has been ceded as collateral for bond number 8043787245 to the amount of R 24 000.

ABSA investment account number 2050090176 has been ceded as collateral for bond number 8044250229 to the amount of R13 700.

25 PROPERTY RATES**Actual****Rateable Land and Buildings**

Residential, Industrial, Rural and Other
Commercial
State

102,203,357	96,886,435
91,457,621	86,741,989
8,396,322	7,928,878
2,349,414	2,215,568
102,203,357	96,886,435

Total Assessment Rates**Valuations - 1 JULY 2011****Rateable Land and Buildings**

Residential, Industrial, Rural and Other
Commercial
State

20,224,300,073	20,241,519,023
971,831,000	1,019,136,000
291,447,400	284,777,400
21,487,578,473	21,545,432,423

Total Assessment Rates

Assessment Rates are levied on the value of land and improvements, which valuation must be performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2012

The tariff for residential properties are used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households.

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments. Monthly rates are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26 GOVERNMENT GRANTS AND SUBSIDIES**Unconditional Grants**

Equitable Share

40,946,000	29,614,000
40,946,000	29,614,000

Conditional Grants

Grants and donations

100,007,199	105,263,441
100,007,199	105,263,441

Total Government Grants and Subsidies

140,953,199	134,877,441
--------------------	--------------------

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

34,103,625	47,882,956
106,849,574	86,994,485
140,953,199	134,877,441

Revenue recognised per vote as required by Section 123 (c) of the MFMA

	2015	2014
	R	R
Community & Social Services	7,093,548	5,947,000
Electricity	11,793,068	-
Executive & Council	22,337,096	31,521,357
Budget & Treasury	5,753,440	1,900,000
Housing	60,658,966	65,127,355
Road Transport	99,800	1,140,000
Water	22,712,072	14,845,000
Sport & Recreation	-	200,000
Waste Water Management	6,437,665	13,403,355
Waste Management	3,899,368	-
Corporate Services	168,176	793,374
	140,953,199	134,877,441

The municipality does not expect any significant changes to the level of grants.

26.01 Equitable share

Grants received	40,946,000	29,614,000
Conditions met - Operating	(40,946,000)	(29,614,000)
Unconditional	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.02 Extended Public Works Program

Opening balance	-	-
Grants received	1,670,855	1,000,000
Conditions met - Operating	(1,371,000)	(1,000,000)
Conditions still to be met	299,855	-

Job creation projects in previous disadvantage areas

26.03 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1,450,000	1,300,000
Conditions met - Operating	(1,450,000)	(1,300,000)
Conditions met-to be recovered	-	-

The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

26.04 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	946,250	890,000
Conditions met - Operating	(946,250)	(890,000)
Conditions met-to be recovered	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.

26.05 Municipal Infrastructure Grant (MIG)

Opening balance	-	-
Grants received	18,914,000	14,845,000
Conditions met - Capital	(18,914,000)	(14,845,000)
Conditions met	-	-

The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.

26.06 Housing Grants

Opening balance	(6,573,345)	8,610,154
Grants received	79,369,190	65,293,857
Conditions met - Operating	(54,544,441)	(46,538,239)
Conditions met - Capital	(6,114,525)	(18,589,117)
Refunded	-	(15,350,000)
Conditions still to be met	12,136,879	(6,573,345)

Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.

26.07 National Electrification Programme

Opening balance
 Grants received
 Conditions met - Capital
 Conditions met-to be recovered

2015 R	2014 R
-	
5,000,000	
(5,136,877)	
(136,877)	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

26.08 LGSETA Grant

Opening balance
 Grants received
 Conditions met - Operating
 Conditions still to be met

23,809	550,005
208,859	218,997
(130,136)	(745,193)
102,531	23,809

The grant was received from the National Treasury for the construction of a Desalination Plant to assist us in drought situations .

26.09 ACIP

Opening balance
 Grants received
 Conditions met - Capital
 Conditions met

-	
3,000,000	1,103,522
(3,000,000)	(1,103,522)
-	-

Job creation in the previous disadvantage areas

26.10 Provincial Management Support Grant

Opening balance
 Grants received
 Conditions met - Operating
 Conditions met - Capital
 Conditions still to be met

150,000	200,000
1,448,840	550,000
(648,055)	(600,000)
(150,000)	-
800,785	150,000

The Grant was received from Provincial Government to assist with the implementation of Performance Management in the Municipality.

26.11 Community Development Workers

Opening balance
 Grants received
 Conditions met - Operating
 Conditions still to be met

15,444	
34,976	32,800
(33,662)	(17,356)
16,758	15,444

The grant was received from the Provincial Department of Local Government and Housing to assist with the operating cost of the CDW program.

26.12 Library Grant

Opening balance
 Grants received
 Conditions met - Operating
 Conditions met - Capital
 Conditions still to be met

-	
2,307,000	525,000
(994,393)	
(206,430)	(525,000)
1,106,177	-

The grant was received from the Provincial Department of Local Government to assist with the operating cost of libraries. The funds should be used to assist with the appointment of temporary staff and literacy projects. No funds were withheld.

26.13 Municipal Replacement Grant

Opening balance
 Grants received
 Conditions met - Operating
 Conditions met - Capital
 Conditions still to be met

-	-
6,578,000	5,204,000
(5,643,865)	(4,883,516)
(228,459)	(320,484)
705,676	-

This grant was received as a contribution for the operational cost of the libraries

26.14 Proclaimed Roads Maintenance

Opening balance
 Grants received
 Conditions met - Operating
 Conditions met-to be recovered

(200)	
100,000	1,139,800
(99,800)	(1,140,000)
-	(200)

This subsidy was for maintenance on main roads , belonging to the Western Cape Government

26.15 Eskom Demand Side Management (EDSM)

Opening balance
 Grants received
 Conditions met

-	(280,000)
-	280,000
-	-

26.16 Emergency Funding N.D.M.C

Opening balance
 Grants received
 Conditions met - Operating
 Conditions met - Capital
 Conditions met-to be recovered

329,200	12,299,833
-	329,200
-	-
(336,865)	(12,299,833)
(7,665)	329,200

26.17 Sport and Recreation	2015	2014
	R	R
Opening balance	-	200,000
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(200,000)
Conditions met	-	-
26.18 Thusong Sentrum		
Opening balance	-	-
Grants received	-	218,000
Conditions met - Operating	(3,932)	(218,000)
Conditions met - Capital	(16,470)	-
Conditions met-to be recovered	(20,402)	-
26.19 Working Integrated Learning		
Opening balance	(4,980)	-
Grants received	-	43,200
Conditions met - Operating	(38,040)	(48,180)
Conditions met-to be recovered	(43,020)	(4,980)
26.20 Total Grants		
Opening balance	(6,060,072)	21,579,992
Grants received	161,973,970	122,587,376
Conditions met - Operating	(106,849,574)	(86,994,484)
Conditions met - Capital	(34,103,625)	(47,882,956)
Refunded	-	(15,350,000)
Conditions still to be met/(Grant expenditure to be recovered)	14,960,700	(6,060,072)
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	15,168,664	518,453
Unpaid Conditional Government Grants and Receipts	(207,963)	(6,578,525)
	14,960,700	(6,060,072)
27 PUBLIC CONTRIBUTIONS AND DONATIONS		
Augmentation Fees: Electricity	149,574	370,676
Augmentation Fees: Water	157,365	212,612
Augmentation Fees: Sewerage	(5,330)	105,846
IDC funding	141,621	-
Beaches	-	31,450
Kwanu Sport fields	673,385	2,184,735
	1,116,616	2,905,319
28 SERVICE CHARGES		
Electricity charges	107,941,876	101,863,460
Water charges	50,283,713	36,923,455
Refuse removal charges	33,866,672	20,941,767
Sewerage and Sanitation Charges	56,594,259	34,743,888
	248,686,520	194,472,570
Less: Rebates	(47,505,963)	(7,770,817)
Total Service Charges	201,180,558	186,701,753
Data have not been collected in the prior period in a way that allows retrospective application of a new accounting policy to account for rebates, and therefore in terms of GRAP 3.53, it is impracticable to recreate information to restate the comparative rebate figure of 2014. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission. The method to determine rebates and subsidized services has changed since the previous year in the sense that rebates and discounts which were previously treated as revenue forgone and discounted in the tariffs, are now levied at full tariffs and rebates and subsidies are then credited to the beneficiaries who have qualified for rebates and subsidies.		
29 OTHER INCOME		
Landing Fees	73,402	59,746
Building Plan Fees	1,974,497	1,952,207
Boat Launching Fees	28,583	130,123
List of building plans	1,643	2,879
Fire fighting fees	25,393	83,582
Cemetery Fees	18,398	32,867
Conservancy Fees	1,343,306	1,177,128
Connection Fees	299,295	207,822
Services Connections	101,048	81,541
Re/disconnections	340,255	646,658
Reversal of Landfill rehabilitation cost	-	5,939,538
Sundries.	4,464,640	5,081,247
Total Other Income	8,670,460	15,395,338

EMPLOYEE RELATED COSTS

	2015 R	2014 R
Salaries and Wages	77,318,516	73,534,606
Contributions to UIF and pensions	12,883,641	12,503,457
Bonuses	5,768,638	5,315,131
Overtime payments	6,462,243	5,546,627
Standby Allowance	2,617,756	3,315,536
Travelling Allowance and subsistence and other Allowances	9,168,232	10,317,891
Housing Benefits and Allowance	426,025	1,470,926
Medical Aid contributions	9,827,559	8,790,870
Contributions to Group Insurance	2,439,664	2,127,962
Contributions to Leave	2,167,602	3,794,047
Contribution to Post Employment Medical	5,173,936	3,836,939
Contribution to Long Service awards	287,453	495,337
Total Employee Related Costs	134,541,266	131,049,328

KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager****Mr AA Paulse**

Annual Remuneration	1,017,510	934,246
Allowance	84,449	83,449
Annual Bonus	84,792	77,854
Travelling Allowance	240,000	240,000
Telephone allowance	15,000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	227,709	212,747
Total	1,669,461	1,548,296

Remuneration of the Director Infrastructure and Technical Services**Me P Ngqumshe**

Annual Remuneration	636,964	561,192
Allowance	503,980	505,772
Annual Bonus	114,748	
Telephone allowance	18,000	16,500
Travelling Allowance	132,000	132,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	133,347	117,913
Total	1,539,039	1,333,376

Remuneration of the Director Corporate Services**Mr R Smit**

Annual Remuneration	989,658	873,909
Annual Bonus	140,629	131,688
Allowance	25,223	33,787
Travelling Allowance	96,000	96,000
Other Allowance		56,115
Telephone allowance	18,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	180,004	159,165
Total	1,449,515	1,368,663

Remuneration of the Director Community Services**Mr MG Stratu**

Annual Remuneration	1,039,512	1,012,056
Annual Bonus	114,748	
Allowance	38,825	12,000
Acting Allowance	9,990	11,390
Telephone allowance	16,500	
Travelling Allowance	284,034	250,134
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44,552	42,064
Total	1,548,161	1,327,644

Remuneration of the Chief Financial Officer**Mr FM Lötter**

Annual Remuneration	1,238,849	1,144,179
Acting Allowance	5,294	
Travelling Allowance	225,364	227,070
Telephone allowance	18,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	24,802	23,090
Total	1,512,308	1,412,339

Remuneration of the Director : Strategic Services**Mr D Lombaard (July 2014- August 2014)**

Annual Remuneration	106,200	528,000
Rental Allowance	22,200	120,000
Allowance	77,471	463,015
Leave	135,004	
Travelling Allowance	28,200	204,000
Telephone allowance	3,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	310	1,861
Total	372,385	1,334,876

Remuneration of the Director : Strategic Services
Mr D Friedman (May 2015 - June 2015)

Annual Remuneration	108,699	-
Allowance	24,473	-
Travelling Allowance	40,000	-
Telephone allowance	3,500	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	311	-
	176,983	

31 REMUNERATION OF COUNCILLORS

Executive Mayor	744,695	727,192
Deputy Executive Mayor	737,346	567,602
Speaker	595,664	564,002
Mayoral Committee Members	1,127,849	1,066,549
Councillors	1,560,947	1,766,242
Councillors-other allowances		18,722
Total Councillors' Remuneration	4,766,501	4,710,310

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties. The Executive Mayor is also provided with official transport for public duties.

32 DEBT IMPAIRMENT

Receivables from exchange transactions - Note 21	14,142,912	10,358,546
Receivables from non-exchange transactions - Note 22	11,622,820	19,305,769
Total Contribution to Debt Impairment	25,765,732	29,664,315
Less: Portion Relating to VAT	(1,361,609)	(1,497,779)
Debt impairment recognised in statement of financial performance	24,404,123	28,166,536

Included in the provision for Debt Impairment for Receivables from non-exchange transactions is an amount of R16324466 which represents possible future traffic fines to be written of in terms of the prescriptions issued in i GRAP 1

33 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	16,783,234	16,124,618
Investment Property	26,869	2,713
Intangible Assets	99,797	106,131
Capitalized Restoration Cost	1,972,033	-
	18,881,934	16,233,461

34 IMPAIRMENTS/WRITE-OFFS

Property Plant & Equipment	3,172,949	9,897,019
Intangible Assets		3,706,136
	3,172,949	13,603,155

35 FINANCE CHARGES

Long-term Liabilities	14,280,707	13,609,264
Finance leases	83,136	73,991
Tip site restoration contribution	100,108	
Post employment medical aid provision	6,486,966	5,407,974
Long service awards provision	225,693	217,312
Total finance charges	21,176,610	19,308,541

36 BULK PURCHASES

Electricity bulk	84,459,061	76,399,870
Total Bulk Purchases	84,459,061	76,399,870

37 GENERAL EXPENSES

Advertising	527,230	702,560
Consulting and Professional Fees	2,525,736	1,878,759
Hire & Maintenance	1,790,878	1,158,826
Hire of Vehicles	3,478,713	2,899,600
Insurance	562,254	1,193,702
Materials and Stores	874,972	1,005,737
Printing and Stationary	777,843	584,257
Audit Fees	2,083,654	2,026,438
Rent: Other	1,725,044	1,582,169
Events & Festivals	32,407	12,268
Disaster Relief	307,188	478,852
Congresses and Seminars	218,923	2,080,078
Telecommunication	1,324,252	1,157,032
Training	515,243	1,167,752
Legal Expenses	1,724,795	1,622,753
Electricity Supply	31,322	46,645
General Clean-up	1,527,460	523,202
Vehicle Operating Cost	3,927,273	4,330,267
Chemicals	1,636,449	1,379,429
Subsidized Services	1,677,435	2,198,959
Travelling and Subsistence	2,748,260	
Other	75,922,339	60,349,414
Total General Expenses	105,939,669	88,378,698

Prior year adjustments due to non-compliance with Accounting policy and errors

- 38.01** (a) Trade creditors amounted to R800 919 relating to the 2011/12 financial year were incorrectly rolled over to the 2012/13 year with the result that the 2012/13 and 2013/14 financial years Payments from Exchange Transactions was overstated. This error is now retrospectively rectified with the following entries : (Dt) Payables from Exchange Transactions , (Ct) Accumulated Surplus (prior years)
- (b) With the updating and internal auditing of the Asset Register, it was found that residual values on some of the other assets have been incorrectly valued with the result that the accumulated depreciation was previously understated. This error is now retrospectively rectified with the following entries : (Dt) Accumulated Surplus -prior years R65498.97, (Dt) Accumulated Surplus -current year R 39463.68 and (CT) Accumulated depreciation R104962.65
- (c) With the year end of 2014, a suspense account representing salary advances, was erroneously transferred as revenue. This error is now retrospectively rectified with the following entries : (Dt) Accumulated Surplus R184 816.69 (current year) (Ct) Payables from Exchange Transactions
- (d) In the previous year the interest portion of the post employee benefits and long service awards were erroneously disclosed as employee cost. This error is now rectified with the following re-classification : Finance charges increasing with R 5 625 286 and Employee cost decreasing with R 5 625 286
- (e) In the previous year the property rates rebates were erroneously disclosed as a deduction from the property rates instead of disclosed it as an General Expenditure. This error is now rectified with the following re-classification :Property rates increasing with R2 198 959 and General Expenditure increasing with R2 198 959
- (f) In the previous year Grants Expenditure was erroneously disclosed as General Expenditure. This error is now rectified with the following re-classification :General Expenditure decreasing with R1 948 212 and Grant Expenditure is decreasing with R1 948 212
- (g) Pro rata rates corrections of prior year Rate levies have not been transferred to the property rates vote and have been kept as a suspense account which was previously disclosed as Receivables from non-exchange transactions. This error is now retrospectively corrected with the following transactions : (Dt) Accumulated Surplus -prior years R869 026,(Dt) Accumulated Surplus-current year R 327 398 and (Ct) Receivables from non-exchange transactions R1 196 425
- (h) With the annual inspection and review of the asset register with deeds office and other data it was found that land was erroneously excluded as assets due to confusing registered names. These land is now recognised as assets (first time recognition) with the impaired values as reflected in the 2012/13 valuation roll. The correction is done with the following entries: (Dt) Property Plant and Equipment - Land with R24 439 000 and Investment Properties R13 900 000 (Ct) Accumulated Surplus R38 339 000
- (i) With the annual inspection and review of the asset register with deeds office and other data it was found that land and buildings was erroneously included as assets in the assets register also due to confusing registered names. These assets are now be de-recognised as assets with the following entries : (Dt) Accumulated Surplus (prior years) R 5 454 375, (Ct) Land and Buildings R4 734 000 and Investment Properties R720 375. (Dt) Accumulated Depreciation - Land and Buildings with R 369223.75, (Ct) Accumulated Surplus -prior years R354161 and (Ct) Accumulated Surplus- current year R15062.11
- (j) With the annual asset verification, moveable assets previously de-recognised are now recovered. This error is now corrected with the following entries : (Dt) Property Plant and Equipment -Other Assets R 200 726.34 (Ct) Accumulated Surplus -prior years R200 726.34 (Ct) Property Plant and Equipment - Accumulated Depreciation R112 320.41 (Dt) Accumulated Surplus - prior years R91 913.94 and (Dt) Accumulated Surplus -current year R20 406.47
- (k) With the annual asset verification, moveable assets previously not recognised are now recorded (first time recognition).This is now corrected with the following entries : (Dt) Property Plant and Equipment -Other Assets R274 447.47 (Ct) Accumulated Surplus R274 447.47 (Dt) Accumulated Surplus - prior years R 147 478.44 , Accumulated Surplus-current year R24 565.41 and (Ct) Property Plant and Equipment Accumulated Depreciation R172 043.85
- (l) During the year the municipality has comprehensively reviewed all the infrastructure and community assets which consequently lead to more detailed unbundling and resulting in changes to depreciation and accumulated depreciation as this effecting the assets since first time recognition during the 2007/2008 financial year. This retrospective correction is done with the following entries. (Dt) Property ,Plant and Equipment- (Infrastructure Accumulated Depreciation) R11 567 298.23, (Dt) Property Plant and Equipment - (Community Assets Accumulated Depreciation) R494550.43 (Ct) Accumulated Surplus -prior years R11 037 804.20 and (Ct) Accumulated Surplus - current year R 1 024 044.46
- (m) With the annual asset register review it was found that assets were incorrectly classified .Those errors are now rectified with the following re-classification : (Dt) Land and Building (cost) R 31 332 148 and (Ct) Investment Property (cost) R31 332 148, (Dt) Community Assets-(cost) with R249 754 and (Ct) Investment Property- (cost) R249 754; (Dt) Investment Property (Accumulated Impairment) R2 101 920 and (Ct) Land and Buildings (Accumulated Impairment) R 2 101 920
- (n) Heritage Assets previously recognised but not measured is now recorded retrospectively with the following entries:(Dt) Heritage Assets R18681.00 and (Ct) Accumulated Surplus R18681.00
- (o) VAT claimable was overstated since 2010/11 Financial year. After a comprehensive VAT review it was concluded that the VAT is in fact not claimable and Council has resolute to write off the amount. This is now corrected with the following entries : (Dt) Accumulated Surplus and (Ct) VAT with R4 699 394. 87

**The above representing the narratives of the following Corrections of Errors
as set out from notes 38.02 to 38.09**

38.02 Accumulated Surplus	2015 R	2014 R
Balance previously reported	587,887,776	526,491,876
<i>Correction of errors -see note 38.01(a)</i>	800,919	800,919
<i>Correction of errors -see note 38.01(b)</i>	(104,963)	(65,499)
<i>Correction of errors -see note 38.01(c)</i>	(184,817)	
<i>Correction of errors -see note 38.01(g)</i>	(1,196,425)	(869,026)
<i>Correction of errors -see note 38.01(h)</i>	38,339,000	38,339,000
<i>Correction of errors -see note 38.01(i)</i>	(4,718,938)	(4,734,000)
<i>Correction of errors -see note 38.01(i)</i>	(720,375)	(720,375)
<i>Correction of errors -see note 38.01(i)</i>	354,162	354,162
<i>Correction of errors -see note 38.01(j)</i>	200,726	200,726
<i>Correction of errors -see note 38.01(j)</i>	(112,320)	(91,914)
<i>Correction of errors -see note 38.01(k)</i>	273,068	273,068
<i>Correction of errors -see note 38.01(k)</i>	(171,179)	(146,737)
<i>Correction of errors -see note 38.01(l)</i>	12,061,849	11,037,804
<i>Correction of errors -see note 38.01(n)</i>	18,681	18,681
<i>Correction of errors -see note 38.01(o)</i>	(4,699,395)	(4,699,395)
Restated balance	628,027,769	566,189,290
38.03 Heritage Assets		
Balance previously reported	16,512	16,512
<i>Correction of errors -see note 38.01(m)</i>	18,681	18,681
Restated balance	35,193	35,193
38.04 Receivables from non-exchange transactions		
Balance previously reported	17,673,143	14,646,330
<i>Correction of errors -see note 38.01(g)</i>	(1,196,425)	(869,026)
Restated balance	16,476,718	13,777,304
38.05 Payables from exchange transactions		
Balance previously reported	42,091,053	29,649,051
<i>Correction of error -see note 38.1(a)</i>	(800,919)	(800,919)
<i>Correction of error -see note 38.1(c)</i>	184,817	
Restated balance	41,474,950	28,848,132
38.06 Property, Plant and Equipment		
Balance previously reported	655,591,946	612,703,782
<i>Correction of error -see note 38.1(b)</i>	(104,963)	(65,499)
<i>Correction of error -see note 38.1(h)</i>	24,439,000	24,439,000
<i>Correction of error -see note 38.1(i) -cost</i>	(4,734,000)	(4,734,000)
<i>Correction of error -see note 38.1(i) Accumulated Depreciation</i>	369,224	354,162
<i>Correction of error -see note 38.1(j) -cost</i>	200,726	200,726
<i>Correction of error -see note 38.1(j) Accumulated Depreciation</i>	(112,320)	(91,914)
<i>Correction of error -see note 38.1(k) -cost</i>	273,068	273,068
<i>Correction of error -see note 38.1(k) Accumulated Depreciation</i>	(171,179)	(146,737)
<i>Correction of error -see note 38.1(l) Accumulated Depreciation</i>	12,061,849	12,061,849
<i>Correction of error -see note 38.1(m) -cost</i>	31,581,902	31,581,902
<i>Correction of error -see note 38.1(m) -Accumulated Impairment</i>	(2,101,920)	(2,101,920)
Restated balance	717,293,332	674,474,418
38.07 Investment Property		
Balance previously reported	88,752,725	88,755,438
<i>Correction of error -see note 38.1(h)</i>	13,900,000	13,900,000
<i>Correction of error -see note 38.1(i)</i>	(720,375)	(720,375)
<i>Correction of error -see note 38.1(m) -cost</i>	(31,581,902)	(31,581,902)
<i>Correction of error -see note 38.1(m) -Accumulated Impairment</i>	2,101,920	2,101,920
Restated balance	72,452,368	72,455,081
38.08 Taxes		
Balance previously reported	12,511,671	3,129,139
<i>Correction of errors -see note 38.01(o)</i>	(4,699,395)	(4,699,395)
Restated balance	7,812,276	(1,570,256)

38.09 Statement of Performance

Balance previously reported

Effect on Employee related cost	Correction of error -see note 38.1(c),(d)
Effect on Finance Charges	Correction of error -see note 38.1(d)
Effect on Property Taxes	Correction of error -see note 38.1(e),(g)
Effect on Depreciation and Amortisation	Correction of error -see note 38.1(h),(i),(j),(k),(l)
Effect on Grants and Subsidies	Correction of error -see note 38.1(f)
Effect on General Expenditure	Correction of error -see note 38.1(f),(e)

Restated balance

2015
R

63,895,900

2014
R

5,440,469
(5,625,286)
1,871,560
954,794
(1,948,213)
(250,746)

64,338,479

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39 RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus for the year	53,706,895	64,338,479
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Adjustments for:

Depreciation	18,782,137	16,127,330
Amortisation of Intangible Assets	99,797	106,131
Asset Impairment	3,172,949	13,603,155
Grants received	161,973,970	122,587,377
Grants recognised as revenue	(141,768,205)	(152,412,176)
Debt Impairment	25,765,732	29,664,315
Debt Impairment-written off	(6,572,854)	(6,932,427)
Contribution to employee benefits-current	(226,936)	1,320,525
Contribution from/to employee benefits-non current	9,981,648	11,825,589
Provisions	220,012	(6,209,091)
Stock Adjustment	46,345	
Operating lease income accrued	(89,615)	(17,165)
Operating lease expenses accrued	(35,967)	(26,371)

Operating Surplus before changes in working capital

125,055,908

93,975,671

Changes in working capital

(17,440,281)

(22,207,074)

(Decrease)/Increase in Payables from Exchange Transactions

(1,673,863)

12,626,820

Increase in Taxes

4,536,598

(9,382,532)

Decrease in Inventory

(709,672)

86,425

(Increase) in Trade and other receivables

(19,593,344)

(25,537,786)

Cash generated by operations

107,615,627

71,768,597

40 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 24	82,042,578	25,764,902
Cash Floats - Note 24	11,520	11,220
Bank - Note 24	16,573,665	23,400,922

Total cash and cash equivalents

98,627,763

49,177,044

41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 40	98,627,763	49,177,044
-------------------------------------	------------	------------

Less:

Unspent Committed Conditional Grants - Note 10

(15,168,664)

(518,453)

Unpaid Conditional Grants- Note 10

207,963

6,578,525

VAT - Note 12

3,275,678

7,812,276

Unspent Public Contributions

104,052

(919,058)

Resources available for working capital requirements

87,046,793

62,130,334

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	130,242,723	132,757,358
Used to finance property, plant and equipment - at cost	(130,242,723)	(132,757,358)

Cash set aside for the repayment of long-term liabilities

-

-

Cash invested for repayment of long-term liabilities

-

-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
43.01 Operational				
Revenue by source				
Property taxes	102,203,357	102,409,000	(205,643)	-0.20%
Government Grants and Subsidies-capital	34,103,625	39,710,000	(5,606,375)	-14.12%
Government Grants and Subsidies	106,849,574	102,668,866	4,180,708	4.07%
Public Contributions and Donations	1,116,616	1,916,468	(799,852)	-41.74%
Actuarial Gain	648,630	-	648,630	100.00%
Fines	21,857,825	30,590,600	(8,732,775)	-28.55%
Service Charges	201,180,558	201,523,274	(342,716)	-0.17%
Rental of Facilities and Equipment	1,508,401	1,320,590	187,811	14.22%
Interest Earned - external investments	6,147,470	3,911,040	2,236,430	57.18%
Interest Earned - outstanding debtors	3,911,533	2,710,738	1,200,795	44.30%
Agency Services	1,309,784	1,085,236	224,548	20.69%
Other Income	8,670,460	5,636,239	3,034,221	53.83%
Licences and Permits	48,598	43,500	5,098	11.72%
	489,556,433	493,525,551	(3,969,118)	-0.80%
Expenditure by nature				
Employee Related Costs	134,541,266	144,806,069	(10,264,803)	-7.09%
Remuneration of Councillors	4,766,501	5,047,100	(280,599)	-5.56%
Debt Impairment	24,404,123	36,289,451	(11,885,328)	-32.75%
Collection Cost	613,496	787,500	(174,004)	-22.10%
Depreciation and Amortisation	18,881,934	18,555,070	326,864	1.76%
Impairments/Write-Offs	3,172,949	-	3,172,949	100.00%
Repairs and Maintenance	12,794,206	15,738,823	(2,944,617)	-18.71%
Actuarial losses	97,651	-	97,651	100.00%
Finance Charges	21,176,610	14,357,907	6,818,703	47.49%
Bulk Purchases	84,459,061	79,354,487	5,104,574	6.43%
Contracted services	21,912,595	24,579,507	(2,666,912)	-10.85%
Stock Adjustments	46,345	-	46,345	100.00%
Grants and Subsidies	3,043,130	3,720,000	(676,870)	-18.20%
General Expenses	105,939,669	113,433,908	(7,494,239)	-6.61%
Loss on Disposal of PPE	-	80,000	(80,000)	-100.00%
	435,849,538	456,749,822	(20,900,284)	-4.58%
Net Surplus for the year	53,706,895	36,775,729	16,931,166	46.04%

Reasons: Revenue by source

Material variances are considered for variances larger than R4 million

Capital spending did not proceed as planned due to a delay on the housing services contract resulting in a portion of the grant funding being unspent.

Additional operational grants received and spent on housing construction as part of a multi year housing project

Traffic fines revenue realised less than anticipated in comparison to prior year performance, more historical data and trend analysis gather over time will ensure more accurate future budgeting.

Reasons: Expenditure by nature

Material variances are considered for variances larger than R4 million

Saving on salaries due to persistent vacancies in Electrical department as well as other scarce skills positions where suitable candidates were difficult to attract following numerous recruitment processes.

The under performance of traffic fines revenue resulted in a substantially reduced provision for impairment to be made for receivables from non-exchange transactions.

Purchases exceeded budget estimates as additional housing units and higher occupancy placed a higher demand on electricity services provision

Savings on legal expenses, consultant fees various other general expenditure items coupled to improvement in operational efficiency led to a savings in general expenditure.

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
43.02 Expenditure by Vote				
<i>Material variances are considered for variances larger than R4 million</i>				
Community Services	159,943,775	159,955,613	(11,838)	-0.01%
Corporate Services	22,236,499	26,693,034	(4,456,535)	-16.70%
Council	13,082,434	17,819,874	(4,737,440)	-26.59%
Financial Services	52,706,514	57,609,267	(4,902,753)	-8.51%
Municipal Services and Infrastructure Development	196,062,972	198,433,557	(2,370,585)	-1.19%
Office of the Municipal Manager	12,129,022	13,513,660	(1,384,638)	-10.25%
Strategic Services	19,739,367	22,775,863	(3,036,496)	-13.33%
	475,900,584	496,800,868	(20,900,284)	-4.21%
Less : Internal charges	(40,051,046)	(40,051,046)	-	0.00%
	435,849,538	456,749,822	(20,900,284)	-4.58%

Reasons for variances:

Savings on legal expenses, consultant fees various other general expenditure items coupled to improvement in operational efficiency led to a savings in expenditure for the corporate services vote

Savings initiatives as well as operational efficiencies resulted in lower than anticipated spending in the council general vote

A substantial savings on the contribution to impairment due to improved collection as well as other operational efficiencies resulted in lower than anticipated spending in the finance vote

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
43.03 Capital expenditure by vote				
<i>Material variances are considered for variances larger than R4 million</i>				
Community Services	13,195,573	15,619,558	(2,423,985)	-15.52%
Corporate Services	291,959	291,980	(21)	-0.01%
Council	286,854	366,855	(80,001)	-21.81%
Financial Services	1,329,407	1,726,376	(396,969)	-22.99%
Municipal Services and Infrastructure Development	40,393,675	44,639,744	(4,246,069)	-9.51%
	55,497,469	62,644,513	(7,147,044)	-11.41%

Reasons for variances:

Material variances are considered for variances larger than R4 million

EIA process delayed the progress with the drivers license and testing centre and the purchase of housing land could not be concluded due to the transaction not being finalised

The delay in the civil services contract for housing infrastructure caused the lower than anticipated expenditure for the financial year

44

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2015
R

2014
R

44.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance

14,756,695

26,916,613

Unauthorised expenditure current year - capital

Unauthorised expenditure current year - operating

14,756,695

Condoned by council

(14,756,695)

(26,916,613)

Unspent Grants not cash backed

-

Unauthorised expenditure awaiting authorisation

-

14,756,695

Incident

Disciplinary steps/criminal proceedings

Over expenditure on votes 2013/2014

None

14,756,695

Over expenditure on votes 2013/2014

Condoned

(14,756,695)

-

14,756,695

2015
R

2014
R

44.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance

-

944,145

Fruitless and wasteful expenditure current year

291,374

Condoned

-

(944,145)

Fruitless and wasteful expenditure awaiting further action

291,374

-

Incident

Disciplinary steps/criminal proceedings

Late payment of Eskom account-penalty

Busy with sec.32 of MFMA process

29,174

Fraudulent payment to supplier

Busy with sec.32 of MFMA process

262,200

291,374

-

2015
R

2014
R

44.03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

-

139,975

Irregular expenditure condoned

Irregular expenditure current year

70,290

Condoned

(139,975)

Irregular expenditure awaiting further action

70,290

-

Incident

Disciplinary steps/criminal proceedings

Contract awarded to a contractor in which a newly appointed member of staff had an interest

Busy with sec.32 of MFMA process

45,075

Contract awarded to a contractor to which a member of staff was related and did not declare

Busy with sec.32 of MFMA process

25,215

70,290

-

2015

2014

44.04 Material Losses

Water distribution losses

- Kilo litres disinfected/purified/purchased

3,283,410

3,548,003

- Kilo litres lost during distribution

161,039

249,611

- Percentage lost during distribution

4.90%

7.04%

Electricity distribution losses

- Units purchased (Kwh)

104,589,406

106,019,256

- Units lost during distribution (Kwh)

12,038,463

18,980,957

- Percentage lost during distribution

11.51%

17.90%

						2015 R	2014 R	
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT							
45.01	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS							
	Council subscriptions					1,349,822	1,299,212	
	Amount paid - current year					(1,349,822)	(1,299,212)	
	Balance unpaid (included in creditors)					-	-	
45.02	Audit fees - [MFMA 125 (1)(c)]							
	Opening balance					-	-	
	Current year audit fee					2,007,990	2,026,438	
	External Audit - Auditor-General					2,007,990	2,026,438	
	Amount paid - current year					(2,007,990)	(2,026,438)	
	Balance unpaid (included in creditors)					-	-	
45.03	VAT - [MFMA 125 (1)(b)]							
	Vat in suspense					3,275,678	7,812,276	
	Receivable/Payable					3,275,678	7,812,276	
	VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.							
						2015 R	2014 R	
45.04	PAYE, SDL and UIF - [MFMA 125 (1)(c)]							
	Opening Balance					(798)		
	Current year payroll deductions and Council Contributions					18,951,594	17,012,938	
	Amount paid - current year					(18,950,796)	(17,013,736)	
	Balance unpaid (included in creditors)					-	(798)	
45.05	Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]							
	Opening balance					-		
	Current year payroll deductions and Council Contributions					34,366,253	30,055,381	
	Amount paid - current year					(34,366,253)	(30,055,381)	
	Balance unpaid (included in creditors)					-	-	
45.06	Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]							
	Councillors with arrear accounts for more than 90 days as at 30 June 2013							
						2015 R Outstanding more than 90 days	2014 R Outstanding more than 90 days	
	S.E. Gcabayi					-	1,031	
	Total Councillor Arrear Consumer Accounts					-	1,031	
45.07	Other non-compliance (MFMA 125(2)(e))							
	Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes							
	All the deviations were ratified by the Municipal Manager and reported to Council							
						Less than 30,000	Between 30,001 200,000	
							Between R200001 and 2,000,000	
							More than 2,000,000	
	Corporate Services					98,895	641,492	
	Financial Services					177,031	272,720	
	Community Services					355,476	1,570,109	
	Municipal Manager					24,841		
	Mayors Office					82,751	108,342	
	Engineering Services					424,738	1,308,370	
	Strategic Services					87,037	776,425	
	Total					1,250,769	4,677,458	
							9,969,523	
							-	
45.08	Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).							
Company	Description	Relation	Name	State Organ	Designation	Amount R		
CM &E Projects	Construction	Son	AW Fourie	Municipality	Chief Housing	R	17,600.00	
JE Freeks Catering	Catering	Mother	VR Cunningham	Municipality	Act.Manager HR	R	24,845.00	
Buchumile General Trading	Catering	Wife	J Sijama	Municipality	Public Part Officer	R	126,663.00	
African Development Group	Training	Husband	TM Wildeman	Municipality	Manager HR	R	77,508.00	
Olawu General Trading	Catering	Son	V Pinyana	Municipality	Cleaning Lady	R	3,500.00	
Litey Projects	Catering	Husband	J Mussa	Municipality	Cleaning Lady	R	5,256.00	
Shelfplett Security	Security Services	Husband	LB Yonn	SA Police	SAPS Officer	R	6,996,823.00	
Manuel Maintenance cc	Construction	Daughter	A B Manuel	Municipality	Library Assistant	R	45,075.00	
Sidonela Trading Enterprise CC	Cleaning	Wife	TW Ngqoleka	Municipality	General Worker	R	25,215.00	
						R	7,322,485.00	

CAPITAL COMMITMENTS**Commitments in respect of capital expenditure:**

Approved and contracted for:

**2015
R****2014
R****44,859,138****32,728,113**

Total commitments consist out of the following:

Tender SCM/MSID 12/2013		15,000,000
Tender SCM/COMM 40/2013		4,519,039
Tender SCM/MSID 27/2012		250,000
Tender SCM/COMM 35/2013		1,224,664
Tender SCM/COMM 08/2013		650,012
Tender SCM/COMM 34/2013		1,066,284
Tender SCM/MSID 18/2014		478,856
Tender SCM/MSID 24/2014		4,737,020
Tender SCM/MSID 26/2014		1,112,621
Tender SCM/MSID 57/2014	3,415,545	3,689,618
Tender SCM/MSID 12/2013	2,482,070	
Tender SCM/MSID 40/2013	2,403,052	
Tender SCM/MSID 27/2014	500,000	
Tender SCM/MSID 30/2014	16,586,198	
Tender SCM/MSID 31/2014	4,738,224	
Tender SCM/MSID 16/2015	4,882,284	
Tender SCM/MSID 19/2015	3,637,778	
Tender SCM/MSID 20/2015	1,652,918	
Tender SCM/MSID 44/2015	159,500	
Tender SCM/MSID 44/2015	1,114,751	
Tender SCM/MSID 59/2015	330,480	
Tender SCM/MSID 60/2015	1,297,662	
Tender SCM/MSID 67/2015	1,658,676	

This expenditure will be financed from:

Government Grants and Subsidies
External Loans
Own Funds

44,859,138

27,447,018

5,281,095

-

-

44,859,138**32,728,113****FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk**2015
R****2014
R**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates, based on year end exposure, were as follow:

0.5% Increase in interest rates	(173,644)	(317,079)
0.5% Decrease in interest rates	173,644	317,079

(d) **Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 21 and 22 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates and Other Sundry Debtors	64.38%	12,036,025	28.87%	6,626,785
Traffic Fines	35.62%	6,658,461	71.13%	16,324,466
	100.00%	18,694,485	100.00%	22,951,251
<u>Exchange Receivables</u>				
Electricity	40.59%	10,118,579	5.26%	704,799
Water	28.06%	6,994,548	32.24%	4,322,547
Sewerage	18.89%	4,709,730	34.87%	4,676,170
Sundries	1.41%	351,662	12.55%	1,683,420
Refuse Removal	8.71%	2,172,323	13.79%	1,848,391
Housing Rentals	2.34%	583,267	1.29%	173,306
	100.00%	24,930,109	100.00%	13,408,634

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	24.51%	9,283,576	25.32%	6,495,399
Other	1.08%	408,154	11.05%	2,835,805
Traffic Fines	74.41%	28,184,098	63.63%	16,324,466
	100.00%	37,875,828	100.00%	25,655,670
<u>Exchange Receivables</u>				
Electricity	9.95%	4,335,422	10.16%	3,716,959
Water	29.99%	13,064,029	29.24%	10,701,591
Refuse	24.32%	10,593,506	22.98%	8,409,294
Sewerage	28.58%	12,449,447	30.24%	11,064,801
Other	6.92%	3,014,526	6.42%	2,347,889
Housing Rentals	0.25%	108,967	0.96%	352,644
	100.00%	43,565,897	100.00%	36,593,178

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R5 182 465 is held as security for a loan raised with ABSA. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment.

	2015 R	2014 R
Financial assets maximum exposure to credit risk at year end is as follows:		
Receivables from exchange transactions	26,154,225	31,113,935
Receivables from non-exchange transactions	21,836,896	16,476,719
Cash and Cash Equivalents	98,627,763	49,177,044
Unpaid conditional grants and subsidies	207,963	6,578,525
Long-term Receivables	18,576	58,360
Non-Current Investments	-	4,879,989
	146,845,424	108,284,572

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities	24,573,696	93,684,618	55,245,637	14,752,901
Capital repayments	10,530,833	49,990,140	55,245,637	14,752,901
Interest	14,042,863	43,694,478	-	-
Non-Current Provision	-	-	-	-
Trade and Other Payables	30,546,514	-	-	-
Unspent conditional government grants and receipts	15,168,664	-	-	-
	70,288,874	93,684,618	55,245,637	14,752,901
2014				
Long Term liabilities	26,391,088	95,762,476	74,385,246	19,424,088
Capital repayments	12,244,733	52,781,252	52,536,874	15,237,311
Interest	14,146,355	42,981,224	21,848,372	4,186,777
Non Current Provision	-	-	-	-
Trade and Other Payables	34,324,392	-	-	-
Unspent conditional government grants and receipts	518,453	-	-	-
	61,233,933	95,762,476	74,385,246	19,424,088

48 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

48.01 Financial Assets	Classification	2015 R	2014 R
Long-Term Receivables			
House Loans	Financial instruments at amortised cost	18,576	58,360
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	26,154,225	31,113,935
Receivables from non- exchange transactions (excluding rates)	Financial instruments at amortised cost	6,580,399	2,286,467
Current Portion of Long-Term Receivables			
Housing Loans		39,578	76,842
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	82,042,578	25,764,902
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	16,573,665	23,400,922
Cash Floats and Advances	Financial instruments at amortised cost	11,520	11,220
Investments	Financial instruments at amortised cost	5,182,465	4,879,989
		136,603,007	87,592,638

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost

2015**R**

136,603,007

2014**R**

87,592,638

At amortised cost**136,603,007****87,592,638****FINANCIAL INSTRUMENTS (CONTINUE)****48.02 Financial Liability****Classification****Long-term Liabilities**

Annuity Loans

Financial instruments at amortised cost

119,822,776

120,335,337

Capitalised Lease Liability

Financial instruments at amortised cost

164,969

209,572

Payables from exchange transactions

Trade creditors

Financial instruments at amortised cost

23,208,830

28,562,577

Other

Financial instruments at amortised cost

7,337,684

5,761,815

Current Portion of Long-term Liabilities

Annuity Loans

Financial instruments at amortised cost

10,210,375

11,891,991

Capitalised Lease Liability

Financial instruments at amortised cost

44,603

320,458

160,789,237**167,081,750****SUMMARY OF FINANCIAL LIABILITY**

Financial instruments at amortised cost

160,789,237**167,081,750****49 STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables are classified as follows :

Taxes

Vat receivable

3,275,678

7,812,276

Receivables from Non Exchange Transactions

Rates

15,256,496

14,190,251

Fines

6,658,461

3,969,128

50 EVENTS AFTER THE REPORTING DATE

No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.

51 IN-KIND DONATIONS AND ASSISTANCE

None

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY**53.01 MOHLALENG MEDIA (PTY) LTD**

This company alleges it is owed money for producing a communications strategy for the municipality.

The municipality opposing this claim and the case is arbitrated. However, if arbitration is in favour of the plaintiff, a possible claim of more or less R600 000 plus legal cost of R300 000 must be paid by the municipality.

53.02 RENTWORKS AFRICA (PTY) LTD

Plaintiff issued summons against the municipality in terms of two rental contracts. The municipality pleads and contended that the agreements were concluded in contravention of peremptory statutory prescripts and are thus illegal.

The plaintiff has filed a court hearing date. If the court judgement is in favour of the plaintiff, a possible claim amounted to R619 256 plus legal cost of more or less R300 000 must be paid by the municipality

54 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.01 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.02 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

54.03 Related party transactions

	Rates and Services Levied 1 Jul 14 - 30 Jun 15 R	Outstanding Balances 30 June 2015 R
Councillors		
<i>Councillor M Booysen</i>	23,707	-
<i>Councillor A.R. Olivier</i>	36,681	-
<i>Councillor E.E. Paulse</i>	3,571	-
<i>Councillor N M De Waal</i>	4,015	-
<i>Councillor M Seyisi</i>	-	-
<i>Councillor M M Mbali</i>	-	-
<i>Councillor S Besana</i>	2,704	-
<i>Councillor N Ndayi</i>	3,298	-
<i>Councillor R Koeberg</i>	-	-
<i>Councillor SE Gcabayi</i>	10,092	-
<i>Councillor W Graig</i>	-	-
<i>Councillor S Farrow</i>	-	-
<i>Councillor H Plaatjies</i>	4,819	-

54.04 Other related party transactions

See note 45.08

55 Material variances between original and final budget

55.01 Statement of Financial Position

Current Assets :

Ref.

C1 Initial current assets position was over estimated and therefore corrected in the adjustment budget

Non Current Assets :

C2 No material variance

Current Liabilities :

C3 Non-current liabilities were initially reflected under current liabilities and was corrected

Non Current Liabilities:

C4 Decrease in long term liabilities as a result of redeemed loans not taken into account upon initial budget approval

55.02 Statement of Financial Performance

Revenue :

Ref.

C5 Assessment rates were initially over budgeted as the revenue rebates were not deducted from the revenue estimates, it was corrected in an adjustment budget

C6 Capital grants increased as a result of correction of housing funding between operational and capital expenditure

C7 Operating grants increased as a result of correction of housing funding between operational and capital expenditure

C8 Correction of fines revenue in accordance with IGRAP 1 that was not implemented in the original budget and only taken into account in the adjustments budget.

C9 Service charges revenue initially over estimated mainly in water and refuse removal due to housing units being built, as completion fell behind schedule the revenue estimations were adjusted downward.

Expenditure :

C11 Debt impairment had to be adjusted in accordance with I-Grp1 standard as fines revenue was corrected in the adjustment budget

C12 Electrical infrastructure assets were correctly reviewed and componentised it created a much wider variety of asset components effecting depreciation charges. The estimated useful life of assets were corrected and accounted for resulting in a decrease in the rate of depreciation

C14 Contracted services increased mainly due to the increase in the cost of transporting waste to Mossel Bay which was higher than anticipated in the original budget. Security services also increased due to additional security arrangements to protect municipal infrastructure.

C15 General expenditure items were reduced from the original budget as a result of operational efficiencies and re-prioritization of expenditure

55.03 Cash flow

Operating Activities:

C16 Initial estimates indicated lower than anticipated cash generation through operations and it was adjusted in the adjustment budget

Cash from Investing activities:

C17 Increase in PPE and capital spending on assets due to additional allocations and increase in budget necessitated an adjustment

55.04 Capital Expenditure

C18 Increase in the budget due to additional funding being made available for upgrading of sports fields and purchase of land for housing

C19 Funding for housing infrastructure was correctly split between capital and operational expenditure which required a budget correction

56 Material variances between actual amounts and the final budget

56.01 Statement of Financial Position

Ref.

Current Assets :

C1 Increase in cash position due to operational efficiency, improved collection rate and savings initiatives

Non Current Assets :

C2 Increase in PPE due to review componentization and useful lives

Current Liabilities :

C3 No material variance

Non Current Liabilities::

C4 No material variance

Net Assets :

C20 Increase in operating surplus generated due to operational efficiency, an improvement in cash position and increase in PPE

56.02 Statement of Financial Performance

Revenue :

Ref.

C6 Capital spending did not proceed as planned due to a delay on the housing services contract resulting in a portion of the grant funding being unspent.

C7 Additional operational grants received and spent on housing construction as part of a multi year housing project

C8 Traffic fines revenue realised less than anticipated in comparison to prior year performance, more historical data and trend analysis gather over time will ensure more accurate future budgeting.

Expenditure :

C10 Saving on salaries due to persistent vacancies in Electrical department as well as other scarce skills positions where suitable candidates were difficult to attract following numerous recruitment processes.

C11 The under performance of traffic fines revenue resulted in a substantially reduced provision for impairment to be made for receivables from non-exchange transactions.

C13 Purchases exceeded budget estimates as additional housing units and higher occupancy placed a higher demand on electricity services provision

C15 Savings on legal expenses, consultant fees various other general expenditure items coupled to improvement in operational efficiency led to a savings in general expenditure.

Cash flow

Operating Activities:

C16 More cash generated and retained through a combination of operational efficiencies, savings and improved revenue collection.

Cash from Investing activities:

No material variance

Cash from Financing Activities :

No material variance

56.03 Capital Expenditure

C18 EIA process delayed the progress with the drivers license and testing centre and the purchase of housing land could not be concluded due to the transaction not being finalised

C19 The delay in the civil services contract for housing infrastructure caused the lower than anticipated expenditure for the financial year

APPENDIX A - Unaudited
BITOU LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Correction of errors	Balance at 30 JUNE 2014 Restated	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2015
ANNUITY LOANS									
Development Bank	10.95%		31/12/2019	2,034,357	-	2,034,357	-	370,000	1,664,357
Development Bank	11.24%		31/12/2020	2,554,432	-	2,554,432	-	393,684	2,160,748
Development Bank	16.00%		31/12/2022	7,004,000	-	7,004,000	-	824,000	6,180,000
Development Bank	9.14%		30/06/2017	5,972,417	-	5,972,417	-	1,816,239	4,156,178
Development Bank	10.64%		30/06/2029	24,453,126	-	24,453,126	-	686,497	23,766,629
Development Bank	10.72%		30/06/2024	2,309,932	-	2,309,932	-	134,689	2,175,243
Standard Bank	10.56%		30/06/2020	2,111,486	-	2,111,486	-	262,185	1,849,301
Standard Bank	11.45%		30/06/2025	18,083,386	-	18,083,386	-	887,262	17,196,124
First National Bank	10.45%		30/06/2015	825,285	-	825,285	-	825,285	0
Standard Bank	11.26%		30/06/2021	13,312,155	-	13,312,155	-	1,347,071	11,965,084
Standard Bank	10.71%		31/12/2021	12,576,110	-	12,576,110	-	1,165,882	11,410,228
Standard Bank	10.86%		30/06/2021	12,151,593	-	12,151,593	-	1,120,579	11,031,014
Standard Bank	10.94%		30/06/2023	11,507,758	-	11,507,758	-	804,740	10,703,018
Standard Bank	10.00%		30/06/2018	931,290	-	931,290	-	199,901	731,389
Standard Bank	11.43%		31/12/2023	12,000,000	-	12,000,000	-	658,817	11,341,183
Standard Bank	11.12%		30/06/2017	4,400,000	-	4,400,000	-	697,345	3,702,655
Nedbank	11.81%		2015/2025	-	-	-	10,000,000	-	10,000,000
Total Annuity Loans				132,227,327	-	132,227,327	10,000,000	12,194,175	130,033,152
LEASE LIABILITY									
Finance Leases				530,029		530,029		320,458	209,571
Total Lease Liabilities				530,029	-	530,029	-	320,458	209,571
TOTAL EXTERNAL LOANS				132,757,356	-	132,757,356	10,000,000	12,514,633	130,242,723

APPENDIX B - Unaudited
BITOU LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL- VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Budget Income R	2015 Actual Income R	2015 Budget Expenditure R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
129,438,455	(131,293,404)	(1,854,949)	Community Services	147,165,927	138,672,345	(159,955,613)	(159,943,775)	(21,271,429)
801,209	(19,782,782)	(18,981,573)	Corporate Services	708,803	169,903	(26,693,034)	(22,236,499)	(22,066,596)
41,072,739	(32,207,372)	8,865,367	Council	21,287,432	26,889,425	(17,819,874)	(13,082,434)	13,806,991
99,889,886	(40,084,470)	59,805,416	Financial Services	112,207,686	115,089,203	(57,609,267)	(52,706,514)	62,382,689
3,356,218	(28,755,272)	(25,399,054)	Strategic Services	11,318,964	11,876,440	(22,775,863)	(19,739,367)	(7,862,927)
1,017,357	(7,101,279)	(6,083,922)	Office of the Municipal Manager	1,571,444	1,554,662	(13,513,660)	(12,129,022)	(10,574,361)
205,182,802	(157,195,609)	47,987,193	Municipal Services and Infrastructure Development	239,316,341	235,355,501	(198,433,557)	(196,062,972)	39,292,529
480,758,667	(416,420,188)	64,338,478	Sub Total	533,576,597	529,607,479	-496,800,868	-475,900,584	53,706,895
			Less Internal charges	(40,051,046)	(40,051,046)	40,051,046	40,051,046	
480,758,667	(416,420,188)	64,338,478	Total	493,525,551	489,556,433	(456,749,822)	(435,849,538)	53,706,895
					99.20%		95.42%	

APPENDIX B (1)- Unaudited
BITOU LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL SUB- VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R	Municipal Sub - Vote Description	2015 Budget Income R	2015 Actual Income R	2015 Budget Expenditure R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
7,835	(9,195,444)	(9,187,609)	Administration Services	1,726	1,726	(8,105,262)	(7,589,534)	(7,587,808)
235,035	(1,930,713)	(1,695,678)	Aerodrome	866,649	890,945	(1,255,729)	(914,127)	(23,182)
1,300,000	(2,852,524)	(1,552,524)	Budget & Treasury Office	1,655,990	1,898,840	(9,488,777)	(9,481,410)	(7,582,570)
1,955,087	(2,614,522)	(659,435)	Building Control	2,335,922	2,731,554	(2,541,184)	(2,341,414)	390,140
-	(60,044)	(60,044)	Communication	-	-	(3,749,991)	(2,876,375)	(2,876,375)
-	(4,496,050)	(4,496,050)	Community Services	-	-	(1,695,789)	(1,558,195)	(1,558,195)
-	(703,731)	(703,731)	Computer room	-	-	(415,933)	(60,941)	(60,941)
41,072,739	(24,338,072)	16,734,668	Council's General Expense	18,887,432	24,489,425	(12,041,215)	(7,551,886)	16,937,539
-	(81,483)	(81,483)	Council General	916,314	916,314	(1,963,273)	(1,964,311)	(1,047,997)
103,642,400	(94,086,972)	9,555,428	Electrical & Mechanical Engineering	119,249,164	117,816,291	(113,001,412)	(111,850,451)	5,965,840
-	-	-	Environmental Management	192,519	192,519	-	-	192,519
-	(407,351)	(407,351)	Expenditure	-	-	(3,052,768)	(3,130,971)	(3,130,971)
-	(1,771,462)	(1,771,462)	Fleet Maintenance	-	-	(6,300,515)	(5,455,256)	(5,455,256)
-	-	-	Health Services	-	-	-	(24,655)	(24,655)
-	(46,879)	(46,879)	HOD: Community Services	-	-	(1,743,352)	(1,802,099)	(1,802,099)
-	(46,164)	(46,164)	HOD: Corporate Services	-	-	(1,762,652)	(1,509,536)	(1,509,536)
-	(2,293,233)	(2,293,233)	HOD: Infrastructure Services	-	-	(1,712,935)	(1,745,709)	(1,745,709)
-	(48,356)	(48,356)	HOD: Planning & Economic Development	-	-	(554,288)	(731,525)	(731,525)
1,517,565	(16,219,686)	(14,702,121)	HOD: Financial Services	3,920,686	6,976,250	(7,756,445)	(6,557,570)	418,680
793,374	(4,209,101)	(3,415,727)	Human Resources Management Services	707,077	168,176	(7,638,607)	(6,388,783)	(6,220,607)
65,273,920	(50,244,568)	15,029,352	Human Settlement and Housing	60,213,225	63,371,536	(51,992,538)	(59,577,629)	3,793,907
-	(120,538)	(120,538)	IDP	506,203	506,203	(916,391)	(818,502)	(312,299)
-	(9,006,987)	(9,006,987)	Information & Communication Technology	-	-	(6,662,743)	(5,601,898)	(5,601,898)
-	(1,698,842)	(1,698,842)	Infrastructure Services	678,015	678,015	(1,238,443)	(781,233)	(103,218)
-	(1,569,224)	(1,569,224)	Internal Audit & Risk Management	150,000	150,000	(2,615,292)	(2,014,791)	(1,864,791)
-	(1,775,979)	(1,775,979)	Legal Services	-	-	(3,740,733)	(2,314,076)	(2,314,076)
5,867,555	(6,437,817)	(570,261)	Library & Information Services	8,904,500	7,117,638	(8,920,165)	(7,396,787)	(279,148)
-	(2,898,131)	(2,898,131)	Local Economic Development	1,211,199	1,107,147	(2,308,310)	(2,249,783)	(1,142,636)
580,114	(13,204,675)	(12,624,560)	Municipal Land & Buildings	598,685	764,559	(3,999,874)	(3,616,340)	(2,851,781)
-	(55,449)	(55,449)	Municipal Manager	-	-	(1,963,534)	(1,963,224)	(1,963,224)
-	(3,615)	(3,615)	Office of the CFO	-	-	(422,175)	(340,892)	(340,892)
-	-	-	Office Of The Deputy Mayor	287,671	287,671	(603,200)	(395,286)	(107,615)
-	(9,301)	(9,301)	Office Of The Executive Council	540,715	540,715	(1,144,572)	(1,176,119)	(635,404)
-	(7,777,606)	(7,777,606)	Office Of The Executive Mayor	367,630	367,630	(1,463,196)	(1,396,498)	(1,028,868)

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R	Municipal Sub - Vote Description	2015 Budget Income R	2015 Actual Income R	2015 Budget Expenditure R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
-	(2,293,704)	(2,293,704)	Office Of The Municipal Manager	-	1,404,662	(1,256,157)	(1,082,995)	(1,082,995)
1,017,357	(3,182,902)	(2,165,545)	Office Of The Political Office Bearers	1,421,444	1,404,662	(7,678,677)	(7,068,014)	(5,663,352)
-	(909)	(909)	Office Of The Speaker	287,670	287,670	(604,418)	(598,334)	(310,664)
506,436	(7,652,611)	(7,146,175)	Parks & Recreation: Beach Contr	4,161,566	4,160,735	(8,334,586)	(7,378,900)	(3,218,165)
2,384,735	(8,155,521)	(5,770,786)	Parks and Recreation	4,040,217	4,040,217	(6,638,350)	(6,445,414)	(2,405,197)
32,867	(132,829)	(99,962)	Parks and Recreation: Cemeteries	35,000	18,398	(722,172)	(632,822)	(614,424)
-	(48,466)	(48,466)	Parks and Recreation: Manager	547,395	547,395	(1,075,462)	(1,117,754)	(570,359)
325,592	(727,214)	(401,623)	Parks and Recreation: Simunye Centre	304,930	104,331	(2,355,216)	(2,263,063)	(2,158,732)
-	(2,988,282)	(2,988,282)	Planning & Economic Development	1,136,669	1,136,669	(2,304,370)	(1,136,751)	(82)
-	(28,228)	(28,228)	Planning & Project Management	300,685	300,685	(573,636)	(269,748)	30,937
-	(135,708)	(135,708)	PMS/SDBIP/Compliance	616,089	616,089	(526,674)	(508,936)	107,153
1,140,000	(1,450,729)	(310,729)	Proclaimed Roads	337,330	337,130	(172,277)	(153,950)	183,180
-	(18,142)	(18,142)	Project Facilitation	1,616,031	1,616,031	(4,906,397)	(4,249,858)	(2,633,827)
97,045	(6,999,605)	(6,902,561)	Protection Services: Fire Dept	3,952,027	3,951,515	(7,918,534)	(7,811,584)	(3,860,069)
-	(5,039,619)	(5,039,619)	Protection Services: Law Enforcement	2,888,735	2,888,735	(7,089,379)	(6,350,240)	(3,461,505)
-	-	-	Protection Services: Manager	390,128	390,128	(1,209,436)	(436,664)	(46,536)
29,742,100	(25,887,549)	3,854,550	Protection Services: Traffic	33,896,476	25,366,944	(28,590,045)	(21,576,663)	3,790,280
80,339	(827,793)	(747,454)	Revenue Services	47,090	91,604	(6,385,286)	(5,951,377)	(5,859,773)
-	(798,490)	(798,490)	Revenue Services : Meter Reading	-	-	(204,227)	(215,978)	(215,978)
96,886,435	(6,730,439)	90,155,996	Revenue Services : Property Rates	106,263,600	106,055,006	(19,762,483)	(17,761,023)	88,293,984
-	(16,510,189)	(16,510,189)	Roads , Stormwater & Buildings	9,120,076	9,120,076	(18,100,722)	(18,236,058)	(9,115,982)
-	-	-	Sport&Public Facilities Main	467,510	467,510	(1,271,424)	(1,024,789)	(557,279)
105,547	(2,533,855)	(2,428,308)	Strategic Services	148,116	148,116	(343,501)	(313,102)	(164,986)
-	(2,003,169)	(2,003,169)	Supply Chain Management	320,320	67,503	(3,458,430)	(3,604,454)	(3,536,951)
585,983	(2,782,950)	(2,196,968)	Tourism & Marketing	1,247,403	1,247,403	(3,829,169)	(3,088,653)	(1,841,250)
25,208,206	(19,920,725)	5,287,482	Town Planning & Environmental	2,158,825	2,234,551	(3,622,737)	(3,750,485)	(1,515,935)
47,770,417	(12,422,321)	35,348,096	Waste Management	27,364,218	26,247,263	(32,094,954)	(36,104,710)	(9,857,448)
-	(75,537)	(75,537)	Waste Water Purification	43,416,133	40,983,773	(18,777,953)	(19,528,935)	21,454,839
52,629,985	(19,258,513)	33,371,472	Waste Water Reticulation	-	-	(2,310,273)	(2,559,946)	(2,559,946)
-	(7,609,670)	(7,609,670)	Water Services: Water Distribution	64,149,762	64,449,775	(25,350,435)	(24,685,598)	39,764,177
-	-	-	Water Services: Water Purification	749,830	354,410	(6,562,195)	(6,815,978)	(6,461,568)
480,758,667	(416,420,188)	64,338,478	Sub Total	533,576,597	529,607,479	-496,800,868	-475,900,584	53,706,895
-	-	-	Less Internal charges	(40,051,046)	(40,051,046)	40,051,046	40,051,046	-
480,758,667	(416,420,188)	64,338,478	Total	493,525,551	489,556,433	(456,749,822)	(435,849,538)	53,706,895
-	-	-			99.20%		95.42%	

APPENDIX C - Unaudited
BITOU LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Budget Income	2015 Actual Income R	2015 Budget Expenditure	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
42,090,096	(41,084,630)	1,005,466	Executive & Council	22,858,876	28,444,087	(35,074,267)	(27,525,533)	918,554
99,889,886	(30,373,752)	69,516,134	Budget & Treasury	112,207,686	115,089,203	(50,530,591)	(47,043,675)	68,045,528
1,381,323	(36,426,145)	(35,044,822)	Corporate Services	1,455,604	1,082,577	(32,678,563)	(27,956,509)	(26,873,932)
2,541,069	(11,616,716)	(9,075,647)	Planning & Development	8,458,111	8,825,417	(13,347,590)	(11,807,145)	(2,981,728)
-	-	-	Health	-	-	-	(24,655)	(24,655)
6,226,014	(11,840,789)	(5,614,775)	Community & Social Services	9,711,940	7,707,878	(16,708,118)	(14,677,754)	(6,969,877)
65,273,920	(50,244,568)	15,029,352	Housing	60,213,225	63,371,536	(51,992,538)	(59,577,629)	3,793,907
29,839,144	(37,926,773)	(8,087,629)	Public Safety	41,127,366	32,597,322	(44,807,394)	(36,175,152)	(3,577,830)
2,891,171	(15,856,599)	(12,965,428)	Sport & Recreation	8,749,178	8,748,347	(16,048,398)	(14,942,069)	(6,193,722)
25,208,206	(19,920,725)	5,287,482	Waste Management	27,364,218	26,247,263	(32,094,954)	(36,104,710)	(9,857,448)
47,770,417	(12,497,858)	35,272,559	Waste Water Management	43,416,133	40,983,773	(21,088,226)	(22,088,881)	18,894,892
1,140,000	(23,724,455)	(22,584,455)	Road Transport	10,135,421	10,135,221	(27,524,892)	(26,372,206)	(16,236,985)
52,629,985	(26,886,325)	25,743,660	Water	66,515,623	66,420,216	(36,819,027)	(35,751,434)	30,668,783
103,642,400	(94,086,972)	9,555,428	Electricity	119,249,164	117,816,291	(113,001,412)	(111,850,451)	5,965,840
235,035	(3,933,882)	(3,698,847)	Other	2,114,052	2,138,348	(5,084,898)	(4,002,780)	(1,864,432)
480,758,667	(416,420,188)	64,338,478	Sub Total	533,576,597	529,607,479	(496,800,868)	(475,900,584)	53,706,895
(4,409,890)	4,409,890		Internal charges	(40,051,046)	(40,051,046)	40,051,046	40,051,046	
476,348,777	(412,010,298)	64,338,478	Total	493,525,551	489,556,433	(456,749,822)	(435,849,538)	53,706,895
					99.20%		-95.42%	

APPENDIX D - Unaudited
BITOU LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2014	Correction of error	Balance 1 JULY 2014	Grants Received	Grant Refunded	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
	R	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS								
<u>National Government Grants</u>								
Equitable Share	-		-	40,946,000		40,946,000	18,914,000	- 0
MIG Grant	-		-	18,914,000			5,136,877	(136,877)
National Electrification Programme	-		-	5,000,000			3,000,000	(0)
ACIP	-		-	3,000,000				-
Drought Relief Grant	-		-	946,250		946,250		-
Municipal Systems Improvement Grant	-		-	1,450,000		1,450,000		-
Financial Management Grant	-		-					-
Escom Demand Side Management (EDSM)	-		-					-
Total National Government Grants	-	-	-	70,256,250		43,342,250	27,050,877	(136,877)
<u>Provincial Government Grants</u>								
Provincial Management Support Grant	150,000		150,000	1,448,840		648,055	150,000	800,785
Community Development Workers	15,444		15,444	34,976		33,662		16,758
Libraries	-		-	2,307,000		994,393	206,430	1,106,177
MMC Kurland	-		-					-
Spatial Planning	-		-					-
Traffic Disaster	-		-					-
Provincial Housing Grant	(6,573,345)		(6,573,345)	79,369,190		54,544,441	6,114,525	12,136,879
Proclaimed Roads Maintenance	(200)		(200)	100,000		99,800		-
EPWP	-		-	1,670,855		1,371,000		299,855
Municipal Replacement Grant	-		-	6,578,000		5,643,865	228,459	705,676
Emergency Funding N.D.M.C	329,200		329,200			-	336,865	(7,665)
Sport and Recreation Facilities	-		-					-
Thusong Grant	-		-			3,932	16,470	(20,402)
LGSETA	23,809		23,809	208,859		130,136		102,531
Working Inter Learning Grant	(4,980)		(4,980)			38,040		(43,020)
Total Provincial Government Grants	(6,060,072)	-	(6,060,072)	91,717,720	-	63,507,324	7,052,748	15,097,576

Grant Description	Balance 1 JULY 2014	Correction of error	Balance 1 JULY 2014	Grants Received	Grant Refunded	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
<u>District Municipality Grants</u>								
Internal Audit		-	-	-			-	-
Total District Municipality Grants		-	-	-			-	-
TOTAL	(6,060,072)	-	(6,060,072)	161,973,970	-	106,849,574	34,103,625	14,960,699
<u>Public Grants</u>								
Social Responsibility LED Strategy (IDC)	245,673		245,673	-		141,621	673,385	104,052
Upgrade Kwano Sportfield	-		-	-				-
Allen Vegetation (Std Bank)	673,385		673,385	-				(0)
Beaches	-		-	-				-
Total Other Grant Providers	919,058	-	919,058	-		141,621	673,385	104,052
Total	(5,141,014)	-	(5,141,014)	161,973,970	-	106,991,195	34,777,010	15,064,751

ANNEXURE B: AUDITOR GENERAL'S REPORT 2014-15

Report of the auditor-general to the Western Cape Provincial Parliament and the council of Bitou Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Bitou Municipality set out on pages 8 to 77, which comprise statement of financial position as 30 June 2015, the statement of financial performance, statement of changes in net assets and the statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2014 have been restated, as a result of errors discovered during the 2014-2015 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairment

9. As disclosed in note 32 to the financial statements, material impairments of R24 404 123 or 18.85% of total exchange and non-exchange debtors) were reported by the municipality, as a result of the impairment of irrecoverable trade receivables.

Material underspending of budget

10. As disclosed in note 56 to the financial statements, the municipality has underspent the capital budget by 11.4% amounting to R7 147 044. The underspending was due to housing land that could not be finalised and the delayed progress in the drivers and testing centre.

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages 78 to 84 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Basic service delivery and infrastructure development objective on pages 18 to 22
 - Financial management objective on pages 15 to 17
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives as stated in paragraph 15 of the audit report:

Additional matters

20. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 12 to 22 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the basic service delivery and

infrastructure development objective and the financial management objective. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

23. The supplementary information set out on pages 78 to 84 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

24. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

25. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other report

Investigation

26. An independent consulting firm together with the municipality performed an investigation into the unauthorised consumption/theft of electricity by staff. This investigation was initiated by senior management of the municipality. The investigation covered various consumption periods relevant to individuals who consume electricity without purchasing in accordance with the purchase history of the individuals. The investigation has been concluded and resulted in disciplinary actions, two officials were dismissed with other disciplinary actions still underway. Losses were recovered through backdated charges to individuals involved in the unauthorised use of electricity.



Cape Town

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence